



Daily Report

Latin America

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FBIS-LAT-96-044
Tuesday
5 March 1996

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March 1996

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FBIS-LAT-96-044

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Cuba

Cuba: Editorial Says Cubans 'Have Not Lost Sleep'

PA0403164696 Havana Radio Rebelde Network
in Spanish 1255 GMT 4 Mar 96

["Text" of 4 March TRABAJADORES editorial read by Roberto Perela from the "Doing Radio" newscast: "Patriotic Impulse Amid the Din of Battle"]

[FBIS Translated Text] While the powerful media under the control of the most reactionary sectors of the United States continue to unleash an unbridled campaign against Cuba, the country's population remains alert but not alarmed. Once in a while a Cuban friend comments with a smile that an Austrian or Argentine, a friend living in Miami or New Jersey, called him up with great concern asking if it is true that tanks are all over the streets of Havana or if it is true that disorder prevails in the country following the downing of the pirate planes.

The truth is that Cubans have not lost sleep over this. Members of our society continue with their daily lives and, at any rate, what is being experienced is a strengthening of national unity and the patriotic feelings of the various components of Cuban citizenship.

The young ones are once again asking their elders about the sabotage of the [word indistinct]. They want to hear the story of that plane that machine-gunned Havana and about the planes that flew in from the north to spray live phosphorus [fosforo vivo] over our sugarcane fields.

During workers' assemblies held to discuss the agenda of the 17th Congress of the CTC [Cuban Workers Federation], the first person who asks to speak practices his fatherland-or-death language and swells his chest when he speaks about imperialism and its lackeys.

The last two chapters of the agenda, one having to do with the defense of the revolution and the other calling for workers' unity, have won prominence these days while the productive and economic sectors contribute to the country's strength to guarantee its sovereignty.

Workers assume that efficiency, discipline, and commitment to work are the best tools a country can have and as the economy improves with its own resources, we increase our possibilities of defeating the blockade.

The people, who have been completely informed of what has happened, do not disregard the consequences of the measures adopted by the empire against Cuba following an incident they themselves provoked.

The large majority of the Cuban population, as some news agencies accredited in the island have recognized, were already impatient by the reiterated violations of

our airspace. They have decisively supported the actions that put an end to these activities.

We could not continue to take that humiliation any longer, is the usual response given by Cubans when asked about the downing of the pirate planes. Behind that answer, apparently dictated by the passion of the moment and apparently removed from deep reasoning, there is more truth than what any conventional political theory could guess at.

One way or the other they would like to neuter our virility as a sovereign people, they would like us to kneel down, to give up, sell our honor, and doubt our dignity.

As neighborhood bullies do, they are trying to find a sign of weakness and make progress through it. It is an obsession that cannot be explained but by the ideological visions or the geopolitical interests in certain centers of U.S. power, where an hegemonic, uncivilized culture exists and which has no other law but the law of strength. It is the culture of Buffalo Bill or [word indistinct] reappearing in our days.

What is the limit of that arrogance and that rabid hatred against our people and its ideals? No one knows. What the Cuban people know is that our resistance does not have limits and it is not only based on a proven commitment but also on the capability to face the dangers, the threats, and the attacks regardless of where they may come from.

We have taught a lesson of sovereignty and independence of which we feel proud. We have strengthened our conviction that we have to fight everyday for the peace we desire by becoming stronger in our defense, in production, and in the battle of ideas.

The agenda of the 17th Congress of the CTC aimed at determining what our people must do to guarantee revolutionary rule under any circumstance is being enriched amid the din of battle and in the confirmation of the truth it upholds.

The sugarcane harvest and the multiple tasks at the economic front will receive this patriotic impulse and we will reach this 17th Congress of the CTC and the multitudinous assembly at the Revolution Square by adding one more page to our historic memory, the great teacher, the one that strengthens David's sling, which we are always wielding.

Cuba: Robaina Returns From New York, To Speak at UNGA

PA0403142896 Havana Radio Havana Cuba
in Spanish 1300 GMT 4 Mar 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has returned to Havana from New York. He will be returning to the United Nations in the next few days to speak before the UN General Assembly [UNGA]. According to UN sources, Robaina will deliver a speech on 6 or 7 March, at Cuba's request, to clarify the truth about the shooting down of two pirate planes that violated Cuban airspace on 24 February.

Robaina met in Harlem, New York, on 2 March with a group of approximately 150 members of the Cuban community and Puerto Ricans in the United States. Robaina said he will go to the United Nations tribunal to present Cuba's truth not only with the support of the 11 million inhabitants of the island but also of compatriots residing abroad. He said he will take to the UN General Assembly the history of violations of Cuban airspace and sovereignty during the past 20 months, including the 24 February incidents. Robaina said the objective the Miami ultra-rightists, including the counterrevolutionary organization Brothers to the Rescue, is seeking is an attempt to disrupt the relations established by the Cuban Government and nation with compatriots residing abroad.

Cuba: 'Straight Talk' on International Solidarity

PA0403222296 Havana Radio Rebelde Network
in Spanish 1700 GMT 4 Mar 96

["Straight Talk" program with journalist Eddie Jimenez and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] The topic for today's program is: "Cuba Is Still Accompanied." Our guest is journalist Eddie Jimenez.

Eddie, when we say that Cuba is still accompanied, we are undoubtedly referring to the fact at this time when we are facing another political confrontation with the greatest enemy we have and can count on the solidarity of many friends. We have the solidarity of many reasonable persons who, though they may not exactly be our friends, have shown they support us under these circumstances. I believe we have achieved something that is interesting, which is that there is a feeling of unanimity in a large part of the world.

[Jimenez] That is the world, Osvaldo: Solidarity. There has been solidarity with Cuba. How is that solidarity shown? We see it now with the Nonaligned Movement

[NAM]. The 123 NAM member countries made calls to decide whether or not they would support Cuba's request to have its voice heard at the UN General Assembly [UNGA], to reopen the 50th period of sessions of the UNGA. Out of those 123 calls, 122 countries responded positively. That is the solidarity of the poor, the solidarity of [word indistinct] rich countries...

[Rodriguez, interrupting] ...You initially said 123 and now you mention 122.

[Jimenez] Yes, because 122 said yes. Only one country did not, and it did not say no, but that it did not have instructions from its government. Therefore, it was practically a unanimous call to let Cuba's voice be heard, to reopen the current period of UN sessions. This shows solidarity, it shows understanding for Cuba's argument. In fact, Osvaldo, the current president, Colombia's permanent representative, who as we all know heads the NAM at this time, has said that the Cuban request to have our voice heard received impressive support.

[Rodriguez] You mean Ambassador Londono Paredes.

[Jimenez] He said that that kind of support has very seldom been observed within the NAM, on any one of the subjects discussed. Thanks to that support, the period of sessions will be reopened. In the long run, that is the most democratic body within the United Nations, because all member countries [words indistinct] poor, all in general terms are voting members. There is no veto. We will express our conviction, our arguments before the entire international community.

What is the reason for this, Osvaldo? First of all, because Cuba has prestige. It has prestige and that is why it has received practically unanimous support. For many years Cuba has protested before all international forums the main problems affecting the Third World. Cuba has always defended the just causes of the Third World, of the weakest countries. Even at the expense of facing the intensification of the imperialism's aggressiveness against Cuba. In addition...

[Rodriguez, interrupting] When they support us — sorry to interrupt — when they support us they are also supporting themselves.

[Jimenez] [Words indistinct] in addition, it is a matter of prestige, which is very important. Cuba has never lied before the international community. Remember Giron, when the United States tried to have Cuba condemned in the United Nations. They even [word indistinct] that the mercenary planes that invaded us had fallen in Cuban territory and that it had been a rebellion of our Air Force. We demonstrated before the United Nations [words indistinct] solid arguments such as the allegation that Cuba had been invaded.

[Rodriguez] I believe we are facing a similar case, because now the U.S. representative to the United Nations is facing the same situation as the ambassador at that time, who had to tell lies. Now this lady has had to tell lies and when the truth finally comes out, she will be booed by her UN colleagues, even if they do it in silence.

Cuba continues to receive support. That is the topic we are discussing today with journalist Eddy Jimenez.

[Jimenez] I'll tell you one thing, the international community knows something perfectly well. [Words indistinct] to enter the Spanish-American War and to try to take possession as they took possession of the Spanish colonies overseas. They could not do it with Cuba because we had an army of liberators here. Since those days in which these things were invented to the blowing up of the Barbados plane, in which we were unable to get the UN Security Council to condemn it, to the [words indistinct] in the early part of the decade. The international community knows that the United States constantly tried to fabricate this crisis to try to attain its political objectives before the people of the world.

[Rodriguez] They always tried to get people to see Cuban migration as a problem in which Cubans were fleeing the regime. The fact was that they opened their doors and offered better possibilities than the ones Cubans had here on the island and that is why they massively migrated.

[Jimenez] Cuba not only has the support of the non-aligned movement. We can see that Cuba has the support of the continent. The Grulac [Group of Latin American and Caribbean Countries] unanimously supported Cuba's request to have this discussed at the UN General Assembly.

[Rodriguez] Something has caught my attention you know. I was recently going over press agency dispatches, even during the first few hours after the incidents took place. On Tuesday morning I was going over what was reported on Monday, 26 February. I noticed that it was precisely in Latin America, where governments we cannot say are our friends, have spoken out in favor of the action we have adopted. It caught my attention because it is undoubtedly a gesture of independence, it is an important gesture of solidarity not only with us, but with themselves because this is sovereignty.

[Jimenez] It has been published that Cuba is a break-water. Latin America started to become a little more free after the Cuban Revolution. If the Cuban Revolution did not exist, the United States would have had its hands free. If the Revolution did not exist, the

United States would exert increasing pressure over Latin America. They know that. They try to preserve Cuba. Small countries that have historically had to bow to the United States, like Honduras, are now not only expressing themselves within the Grulac, but also at the UN Security Council where Honduras is a non-permanent member. Honduras also tried to negotiate the declaration with the United States.

[Jimenez] Of course. Even Latin American presidents, with rare exceptions, spoke out. Some spoke very moderately. Others simply regretted the incident. Others dared to say that they supported Cuba's attitude, Cuba's actions. In one way or the other, we found support.

[Rodriguez] We see it in demonstrations and we see it in the declarations of the political leaders. It is an atmosphere that one can feel. I reiterate, they know that if the Cuban Revolution did not exist, everything would be much more difficult for these countries. Much more difficult. That is why they support the Cuban cause. That is why they want Cuba's voice to be heard. Days have gone by and it is well-known that the only argument the United States tried to use to condemn Cuba — which it was unable to do as we said earlier — was the argument they raised at the UN Security Council. It was an argument in which they based themselves on an agreement which not even the United States has signed.

[Rodriguez] Cuba continues to receive support. That is the topic we are discussing today with journalist Eddy Jimenez. Eddy, the final chapter of this entire situation was the event that took place on Saturday, 2 March. It was something that is well known by the Cuban population. They tried to set up a propaganda show at a point near the Cuban coasts where they thought the planes that were shot down on 24 February fell.

[Jimenez] This propaganda show was unsuccessful, and of course, everything went wrong for the ultra-rightist of Miami on 24 February. They tried to mount another show in Miami: They summoned people to a mass to honor of the dead at a large baseball stadium. I was surprised that the U.S. ambassador to the United Nations was there heading the group remembering the casualties. In other words, there seems to be a close link between the ultra-rightist of Miami and this woman.

There is a close link. Osvaldo, I would like to comment about something that is important to me. In my opinion the only sign of prudence displayed by the U.S. administration in this crisis, which has been permanently plagued by threats and so on, was their escorting the flotilla until it reach waters near our territorial shores.

[Rodriguez] Not that close.

[Jimenez] Not that close, but this was nevertheless, I repeat, the only sign of prudence. Now, although this is [word indistinct] positive, it leaves a big question up in the air. Will these gentlemen be escorted every time they want to mount a show by the U.S. Navy and Air Force to prevent them from entering our territorial waters?

[Rodriguez] How much would this cost to the U.S. taxpayer?

[Jimenez] This is a measure that only goes halfway and not the one they should have adopted from the beginning, which is: Prohibit illegal flights to Cuba; nothing else. The U.S. administration is currently caught between a rock and a hard place. On the one hand, they yielded and allowed them to leave; and on the other, they tried to prevent the flotilla from entering Cuban waters. If the Clinton administration continues to yield to the pressure from the right, from the Cuban-American Foundation, could the same that happened to John Kennedy not happen to the Clinton administration should it decide to apply a prudent policy toward Cuba?

[Rodriguez] Of course.

[Jimenez] This is sabotage and the U.S. administration should be very careful about it, because in the end... [pauses] in this specific case, the so-called Brothers to the Rescue... [pauses] First, it should be clearly understood that they are not our brothers [laughter] they are not even brothers among themselves, because what brother would allow the other two planes to proceed knowing that an order to down the planes had been issued? What kind of brothers are those? If there are any accounts to settle, it is with Basulto, Mr. Basulto.

[Rodriguez] Captain Arango.

[Jimenez] As for the use of the word rescue, everyone knows that the only thing they want to rescue here are properties, the power of imperialism, the hegemony of imperialism over Cuba. That is the only thing they want to recover. They are neither brothers nor involved in a rescue. The U.S. administration has become a hostage of this mafia.

[Rodriguez] Yes, Eddie, I think that they bear full responsibility for all of these incidents and for the casualties and everything that occurred.

Cuba: Pilot Details 'Counterrevolutionary' Actions

PA0403223896 Havana Radio Rebelde Network
in Spanish 1800 GMT 4 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Since returning to Cuba, Brothers to the Rescue pilot Juan Pablo Roque has volunteered valuable information on the counterrevolutionary

activities of this organization. In an interview granted to JUVENTUD REBELDE, Roque gave examples of some of the terrorist actions of Brothers to the Rescue:

[Begin Roque recording] We used to monitor and track all frequencies of the National Revolutionary Police and the air bases of (Maracova) and Santa Clara. We analyzed and proposed a complete plan to land on landing strips and highway tracts in Cienfuegos Province to blow up high-tension electricity towers, thus doing away with the national energy system. They made tangible plans to introduce anti-personnel weapons [armas antipersonales] to the country. These weapons could fire birdshot at practically point-blank range and would be used, as I said, to make attempts against Fidel Castro and other members of the revolution, to try to trigger people's discontent and make them revolt.

With these preparations for these events, they would get direct support from all the extreme rightists in exile. [end recording]

The United States linked Roque's return to the downing of the two lightplanes in order to affirm that these two events were premeditated. In this regard, Roque, whom JUVENTUD REBELDE interviewed, said the following:

[Begin recording] [Roque] On 21 February, agent Oscar Montoto contacted me on his telephone — I have his telephone number here; I can give it to you if you want it — and told me that I should not fly, under any circumstances, with Brothers to the Rescue during these days, because Cuba's response was not going to be favorable. He failed to tell me in detail what was going to happen, but he told me not to fly, not to fly because the response was going to be unfavorable. It was logical that they [not further identified] were going to take a severe measures against the government. I had nothing to do with this, and I informed the FBI in detail of my last incursion into Cuba on 9 January. I was one of the people who came here to throw leaflets off the coasts of Cuba from a height of more than 9,500 feet. After this, the FBI supposedly was concerned and said that it would prevent the departure of these planes. However...

[Unidentified female reporter, interrupting] [Words indistinct]

[Roque] Excuse me?

[Reporter] Did you [words indistinct]

[Roque] I believed [words indistinct]. Until the 9th, I believed... [pauses] supposedly on the 9th, I made the decision to stop doing this for good, because I could see what was going to happen [sentence as heard]. These

four guys were my personal friends; they were pilots. I regret the fact that they were used as bait, as victims, because they need martyrs to gain time to collect money. [end recording]

Cuba: UN General Assembly Meets on Downing 6 Mar

PA0503031596 Havana Radio Havana Cuba
in Spanish 0000 GMT 5 Mar 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The UN General Assembly will meet, in principle, on Wednesday to hear the Cuban Government position on the downing of two U.S.-registered aircraft that violated Cuban airspace on 24 February. According to UN spokesperson (Silvana Foa), the UN General Assembly will meet on Wednesday in a special session entitled the 10-Year Period of International Law.

On 26 February the UN Security Council, in a hasty meeting convened by its president, U.S. representative Madeleine Albright, examined the situation created after the downing in Cuban airspace of two aircraft from Miami, Florida.

Cuban Foreign Minister Roberto Robaina did not attend the UN Security Council meeting, after his entry visa was delayed by the U.S. State Department.

Cuba, with categorical support from the Nonaligned Movement countries and the Latin American and Caribbean Group, convened the special meeting of the UN General Assembly to, according to statements by Robaina, inform the community of nations of the arguments, reasons, and evidence Cuba has on the 24 February events.

Cuba: Government Activates 'Validity For Travel' Document

PA0403140296 Havana Radio Havana Cuba
in Spanish 0000 GMT 25 Feb 96

[Commentary by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] A document called Validity for Travel [Vigencia de Viaje] came into effect this week for the benefit of Cubans living abroad. This document was announced by Foreign Minister Roberto Robaina during the second conference of The Nation and Emigration, which was held in November.

This document, which is valid for two years, is renewable and allows the bearer to visit Cuba without a visa from the Cuban consulate, and does not demand political or ideological affiliation. Banned from this facility

are those who carry out hostile acts against their country of origin or are criminals.

In practice, those who have a Validity for Travel are able to stay here continuously for up to 90 days. The establishment of this Validity for Travel is in addition to previous provisions adopted by the Cuban Government over the past 10 years aimed at normalizing relations with its emigres.

During the first meeting held in April 1994, Cuban authorities announced a series of measures with the same goal, many of them in response to suggestions made by the emigres themselves to intensify the reciprocal links.

In response, a directorate was created in the Foreign Relations Ministry to attend to matters pertaining to Cubans living abroad. Also eliminated was the five-year waiting period to temporarily visit Cuba, which was applicable for people who had emigrated legally. Likewise, it was also decided that in these cases it would no longer be obligatory to stay in hotels and a group of Cuban youth emigres were authorized to complete their higher education in Cuba.

Also announced at the first conference of The Nation and Emigration, was the publication of a magazine dedicated to the Cuban community living abroad, which appeared in 1995 with the name CORREO DE CUBA. Starting with that meeting, relations between Cubans living in and out of Cuba became more fluid. It became normal to see Cuban emigres in various cultural and scientific events organized in the country. Without any sort of sensationalism, the government continued implementing measures aimed at showing that the bridge extended to its citizens abroad is solid and definite.

For example, in August 1994, it was announced that the time Cubans may remain abroad on visit was extended to 11 months provided the person is at least 18 years old. The elderly may be repatriated provided they have housing and means of support in Cuba.

Particularly important has been the approval of the Foreign Residence Permit, the well-known PRE, which benefited thousands of emigres. Once obtained, no authorization whatsoever is needed to enter the country, which is the immediate antecedent of the current Validity for Travel document. Thus, came the second conference of The Nation and Emigration, where the possibility was also announced of doing graduate studies in Cuba.

During the last two years emigres had the opportunity to take part in audiences in the Cuban Parliament on the draft bill on citizenship, which is currently being prepared, as well as the legislative session that discussed

the foreign investment law, which, by the way, does not exclude them from participating in the opening of the Cuban economy to foreign capital.

Regardless of political differences, sufferings, and falling outs, the process of rapprochement and normalization of relations between Cuba and its emigres continues today, which has just received a new boost with the establishment of the Validity for Travel.

Cuba: Article Assesses Attitude of U.S. Politicians

PA0403183596 Havana PRENSA LATINA in Spanish
0124 GMT 29 Feb 96

[Article by Javier Rodriguez: "All the Eggs in One Basket"]

[FBIS Translated Text] Havana, 28 Feb (PL) — Commenting on the intricacies of U.S. politics, there are people who say that, despite the fact that they are, allegedly, fierce opponents, there is nothing more similar to a Republican Party member than a Democratic Party member.

Of course, the respective members of the two big U.S. political organizations feel insulted when this type of comparisons, which happens quite frequently, are made.

The problem lies in that, in general terms, the defenders of the Democratic Party usually say are the most liberal, least conservative, more open to dialogue and negotiation, and point to their rivals as a sort of caveman who permanently has a club in hand.

Without wanting to endorse any of those hypotheses, it is at least possible to acknowledge that, amid the sort of anti-Cuban hysteria currently being unleashed by the United States, both the Democratic Party government as well as the Republican opposition have decided to place their eggs in the basket of aggression against the island.

As a result of the incidents triggered by the two planes, manned by members of the most intransigent sectors, which violated Cuban airspace last Saturday, the U.S. administration has made a change that was inconceivable a few weeks ago.

In addition to the avalanche of unilateral penalties imposed on the country that saw its borders violated by planes once again coming from the United States, the U.S. Government decided to bow to the demands of its staunchest adversaries and back the congressional approval of the Helms-Burton law.

For those who may have already forgotten, it is good to recall that this bill attempts to internationalize the economic and commercial blockade against Cuba, which has been condemned four consecutive times by the UN General Assembly, the Nonaligned Countries Move-

ment, the Rio Group, and other organizations and governments.

The Helms-Burton Law attempts to even impede companies that are affiliates or represent U.S. firms in other countries that have commerce with Cuba. This bill has been described as interventionist by the allies of the United States, such as Canada and numerous European and Latin American countries.

As if this were not enough, it determines that the blockade against Cuba will remain even after the current government in Havana is toppled and until the properties confiscated from officials of the dictatorship defeated in January 1959 are compensated.

The mere announcement of a bill with such characteristics served to quickly trigger a movement of international protest and also had a similar repercussion within the United States.

However, the interesting thing about all this is that President William Clinton and his main advisers have strongly criticized the bill and a group of legislators from his party helped to delay its approval in several congressional committees. The U.S. President even threatened to veto it if it got to his hands.

However, the cravings in the electoral year are so strong, media sources have observed that in the wake of the current crisis, with the downing of the pirate planes, the White House changed all its opinions and has decided to join those it called exceedingly conservative up to now.

What the U.S. politicians have evidently not taken into account, say the Cubans, is that their country has shown a unique capacity to resist, and in addition, with its new attitude, the United States is supplying another element of insecurity to international relations.

Cuba: Telecommunications Agreement With Brazil Signed

PA2902161096 Havana Radio Rebelde Network
in Spanish 1800 GMT 23 Feb 96

[Report by Yusmali Hernandez from the "National Radio News" newscast]

[FBIS Translated Text] Cuba and Brazil yesterday signed an agreement to promote and develop Cuban telecommunications. Here is reporter Yusmali Hernandez with more.

[Hernandez] Brazilian Communications Minister Sergio Motta and Brigadier General Silvano Colas, communications minister in Cuba, have reached a scientific, technical, and technological cooperation agreement between

both governments. This agreement contemplates an exchange between communications professionals, information on telecommunications, and publications, among other aspects.

In a meeting with the press, Sergio Motta mentioned the installation in Cuba of a digital plant that has 30 public phones that use telephone cards and platforms [words indistinct] digital facilities.

The Brazilian minister mentioned the desire to promote the enterprises [words indistinct] in his country, such as telegraph, to participate in agreements with the Cuban corporations [word indistinct] and Cubacel in modernizing the Cuban telecommunications system.

The sale of digital equipment was also discussed at the Cuban Foreign Ministry office for the large-scale installation of this equipment in the country.

In addition, Motta affirmed that the signed document concludes the first chapter of many other accords the two countries will sign. This will permit both countries to become commercial as well as geographical brothers.

Cuba: Attorney General on Struggle Against Corruption

PA0403191896 Mexico City NOTIMEX in Spanish
2238 GMT 2 Mar 96

[FBIS Translated Text] Havana, 2 Mar (NOTIMEX) — The state-owned radio station reported today that Attorney General Juan Escalona said today that the war against corruption "must be to the death, because the security of the revolution requires it."

During an interview on the "National Radio News" newscast Escalona stated that the authorities have various means to carry this out and one of them is judicial processes that "have unfortunately increased in the country in recent months."

Another mechanism to advance the struggle, according to the official, consists of improving the quality of official inspections to detect where the problems are and to report to territorial bodies and governments "where are the deficiencies and shameless acts."

In his statements during a tour of the central Ciego de Avila Province, Escalona said that strong measures against activities related to growing prostitution are among the modifications to the current penal code that are being considered.

The attorney general said that there will be vigorous measures against prostitution and against persons who rent their homes for this activity, and he added that the corruption of minors will be punished with "strong penalties."

"In all these crimes the properties of those involved will be confiscated," the official added.

In an interview with BOHEMIA magazine late last year, Escalona noted that corruption and prostitution increased after the possession of foreign currency by citizens was decriminalized and the country was opened to foreign investments.

The attorney general added that besides confiscating the assets of persons accused of illegal enrichment, the government is acting with a "heavy hand" against Cuban companies and "in certain very painful cases of comrades who accepted gifts and perquisites from foreign companies."

The last modification of the local penal code was announced on 6 July 1994 when the authorities established more rigorous penalties against those who harm the national economy and introduced the crime of fiscal evasion for the first time.

A serious crisis in this Caribbean island, characterized by shortages of food and main consumer goods, prompted an increase in crimes involving state employees and managers, causing the government to announce a "tough battle" against corruption.

Cuba: Defense Law Cuts Years of Military Service Age

PA2902215696 Madrid EFE in Spanish
2242 GMT 27 Feb 96

[FBIS Translated Text] Havana, 27 Feb (EFE) — Cuban citizens have seen the military service age cut from 50 years to 45 years and the Compulsory Military Service cut from three years to two years with the new National Defense Law that went into effect last year, according to a BOHEMIA magazine report.

The legislation also cut reserves training by four years and established a new three-year period, two of which are for military service and one for reserves duty.

Colonel Luis Baez explained to BOHEMIA that at present "combat readiness is very high, since we have more people trained for defense," something that in his opinion makes the cuts foreseen in the law feasible.

Baez explained that although the law establishes that young people are called to serve at the age 17 this call is made effective when they are 18, at the end of their high school education, and could be deferred until they are 28.

The Armed Forces expert said that Cuba has a unique system, compared to the military service in other countries of the world, because it does not interrupt

the serviceman's studies and university admission of middle-level school graduates is guaranteed after they are discharged from duty.

He said that persons not willing to serve out of conscientious or religious objections are sent to serve in the Youth Labor Army that is primarily devoted to the Army's productive activities or other actions.

Col. Baez said, however, that the law "establishes that defending the fatherland is a supreme duty of every Cuban." The National Defense Law expands on three unique situations for Cuba established in the Constitution: The state of war, general mobilization, and the state of emergency.

According to the law, only the National Assembly of the People's Government can decree the "state of war" in case of enemy aggression, "as an act of self-defense." The "general mobilization" is established nationwide to reach in a gradual and progressive manner the full combat readiness of the nation. In addition, the "state of emergency," can be decreed all over the country or a part of the island in the face of imminent natural disasters, catastrophes, or other circumstances that because of to their nature, dimension, or importance may affect domestic order, the security of the country, or the stability of the state.

Cuba: Communications Officials Assess Telecom Firm

PA0203031996 Havana Radio Rebelde Network
in Spanish 1255 GMT 22 Feb 96

[Interview with Cuban Communications Minister Brigadier General Silvano Colas and Rafael Marrero Gomez, executive president of the Cuban Telecommunications Enterprise, Inc., ETECSA, by reporter Humberto Concepcion, and two unidentified reporters in the studios; from the "Doing Radio" program — live]

[FBIS Translated Excerpt] [Concepcion] We would like to know about the assessment made by Communications Minister Brigadier General Silvano Colas of the work by the Sancti Spiritus people in the communications sector?

[Brig. Gen. Silvano Colas] This past year was a very tense year for all of us in the communications sector, because in the wake of the restructuring, the approximately 45 enterprises that constituted the Communications Ministry were reduced to 12. This was done in an attempt to create a national telephone enterprise, the ETECSA [Cuban Telecommunications Enterprise, Inc.] — as you all know. It was not until February 1995, when ETECSA began to take firm steps to hire the workers.

On 1 October, a national enterprise for mail services, as well as a national radio and television enterprise were created. In other words, this entire project of creating national enterprises from enterprises that already existed, but were scattered in each one of the territories, entailed two things: First, the enterprises managed by the Communications Ministry were constituted into a system, and second, a great effort was involved, which we could translate into a fraternal emulation by our workers in each one of the territories.

To the delight of Sancti Spiritus residents, their province was on the vanguard on the three fronts. We do not mean to say that Sancti Spiritus ranks as the top province in the communications sector in general; we do not view the situation in those terms. Rather, we are discussing those provinces which registered indicators that led us to believe that we are beginning to move forward, that we are coming out of a phase that reported a steady decline, and that under the current conditions, we are moving forward.

[Concepcion] [Words indistinct].

[Colas] On the three fronts, Sancti Spiritus ranked among the top provinces, this is the reason why the central ceremony will be held there on 23 February. In addition to Sancti Spiritus, there are other provinces such as Villa Clara, Pinar del Rio, Santiago de Cuba, Guantanamo, the Isle of Youth, Camaguey...

[Concepcion, interrupting] There is a large group.

[Colas] A total of nine provinces registered remarkable progress in one of the three fronts.

[Concepcion] However, in the case of Sancti Spiritus, it excelled in all three fronts.

[Colas] This is correct: in mail services, telephone, and radio. [passage omitted]

[Reporter] I wanted to continue on the subject that interests many people in this country, this is the reason why I would like to ask ETECSA Executive President Rafael Marrero Gomez the following: What are the prospects for the communications sector in our country following the creation of this joint enterprise?

[Rafael Marrero Gomez] First of all, the minister was discussing [word indistinct]. I believe it is important to recall — there might be some who are unaware of this — that when the revolution took over, there were only 150,000 telephone lines installed and 154 centers in Cuba. In contrast, there are currently 456,000 phone lines installed and 470 centers in Cuba. Whereas automation only reached 21 percent back then, 90 percent of telephones are now automated. I believe that

on a date such as this, it is important to stress these facts so that the efforts of the revolution throughout the past 36 years to meet our needs in this sector will be appreciated.

ETECSA is undoubtedly a measure of our will to develop the telecommunications the country needs for its economic, political, and social progress. Logically, ETECSA has been created to resolve these problems through a medium-term structured and systematically organized plan, whose first objective is to make current telecommunications [words indistinct]. The fundamental objective is to make currently installed capabilities operate and provide the service for which they were designed. Regardless of [word indistinct], as the Cuban telecommunications enterprise accomplishes technological advances, we will also see a technological recovery — so to speak — of currently installed technology, and at one point, we will be coexisting with new and old technology. We believe that the facts have proved that very outdated technology — often 40- or 60-years-old — can still be useful at the workplace.

[Reporter] This implies that telecommunications will improve gradually. However, there are still interruptions in different communications links. I also believe that the qualifications of workers is pivotal in this area. In other words, the training of workers vis-a-vis the new technology is pivotal even to maintain the current levels of technology.

[Marrero] This is correct. We believe, and this is logical, that training is an irreversible requirement in a specialized area such as telecommunications. In this area, workers — even those undertaking the simplest tasks — must be perfectly trained for the work they carry out; otherwise they would misuse the technology and the resources at hand, and we cannot afford to waste resources or the potential. We must use to the utmost all of the means at hand. With regard to the interruptions you mentioned, we can attest that this situation has improved. In November 1994, only in the capital, there were more than 14,000 interruptions. In contrast with this, interruptions have been fewer than 3,000 in the past six months only in the capital. Yesterday, for instance, there were no more than 5,000 interruptions for the almost 360,000 phone lines we have installed nationwide. In other words, there is a recovery process accompanied by a tenacious effort by our workers to repair the outside lines, which, in the end, are the ones that provide the service to our users. There is still much to do to this effect, but we are working and obtaining positive results to resolve the numerous problems we have.

[Colas] As you can all see, this is the first time we reveal this information on the interruptions. This trend has been registered for several months; however, we do not want to raise the population's hopes. It is better that the improvement be a gradual one so that the people be able to notice it. However, one must keep in mind that we were going to be faced with a deterioration process. We can vouch here that the deterioration has come to a halt, and that a recovery phase — albeit a gradual one — is beginning. These investments Marrero has mentioned will take place over a period of seven years, and the first [word indistinct] — as he said — must be the most important: An emerging plan in the capital, which is beginning to be implemented. In keeping with this plan, the capital will go through a stepped-up and speedier process to change its technology. The location is pivotal because of the number of inhabitants and its significance in the political, economic, and social areas in general.

[Reporter] Including public telephones?

[Colas] Including a dynamic plan for public telephones, which is currently being reviewed. Several companies have made their offers and very soon, you will see, in several points of the capital, new public telephones that are part of the experiment. Later, we will decide what technology will best suit our needs. There are technologies that use coins, while others use credit cards, and still others use a combination. [passage omitted]

[Reporter] Do you have anything to add, Marrero?

[Marrero] With this program of public telephones proposed by the minister, we logically expect to have a modern public telephone system, one that excels in quantity and quality our current system. For 1996, we also expect — it is in the company's plans — to have a national network for data transmission, which the country does not have and which is very important. We are also beginning the process to set up a new national microwave system, which will increase the possibilities of domestic transmission of the country's telecommunications. In other words, we are implementing a series of steps with the objective of improving our service. It is necessary to say that the upcoming network in the capital mentioned by the minister is a trendsetter of the more aggressive digitization that will begin as of 1996. This plan we will be setting up will basically be of social significance. [passage omitted]

[Colas] At the end of 1995, we made an investment through ETECSA and we installed 12 stations via satellite — of small diameter — to improve communications in isolated regions: Guarda La Vaca, Moa, Ancon, Santa Lucia, and Varadero. There is a total of 12 locations

throughout the country. This improves the possibility for the tourism sector to have the swift communications it requires, otherwise, we would not have the flow of tourists we do in all of these places, which are rather secluded. Regarding the signal, the study for said area is ready for television and radio signals, and new transmitters are being set up to improve the signal, as well as the system of antennas so that the signal will be better received throughout the territory. This is a plan we are implementing. For instance, in 1996, we will replace 36 medium-wave transmitters with new ones, because 36 percent of these transmitters have been used from 36 to 40 years and from 16 to 20 percent have been used from 15 to 20 years. However, this is the signal we are transmitting. The potential to maintain the system of antennas has increased, and this has improved output and power in many regions.

Cuba: Politburo Member Interviewed on Havana Problems

PA0203010296

[FBIS Report] Havana Radio Rebelde Network in Spanish at 1327 GMT on 1 March carries live a 40-minute interview with Esteban Lazo Hernandez, member of the Politburo of the Central Committee of the Communist Party of Cuba and first secretary in the City of Havana Province, by moderator Felix Garrido and local reporters Pepe Suarez, (Pelayo Terry), Orlando Gonzalez, Lazaro Blanco, and Ramon Valdes at Radio Havana studios. The interview revolves around problems facing the City of Havana.

Regarding loiterers around tourism centers, the official states "I think that this is among the issues that should concern us the most, and not only the party, but all citizens, all families, because this kind of attitudes leave much to be desired about everything that the revolution has done for the dignity, morals, and values of man.

"We ourselves at times feel uneasy about this. The Prevention Commission has adopted many measures including visits to the families and each one of the youths involved. The Federation of Cuban Women has also carried out very arduous work with regard to the prostitution problem. We think that after a tourism meeting held last year, the hotels themselves have adopted extremely strict measures toward persons loitering around hotels and the prostitutes.

I do not think that these measures will eliminate these problems, but I think that they can be alleviated, and we are already seeing some results. One problem we must eliminate is the one involving the children, because of the implications for their future. Some parents even send them out to beg. I think that parents who send their

children to beg money from tourists or to steal do not love them, because things will improve in the country someday but these children will grow up to be beggars, they will always be society's parasites."

As for transportation problems in the capital, Lazo notes that this "is a truly difficult one because it depends on the availability of funds, that is, foreign currency that the country lacks. The Transportation Ministry and the country in general are making efforts to alleviate this problem."

He notes that the goal is to improve the situation during the second half of the year; the goal is not to have more vehicles circulating but to replace those that are out of commission. Lazo points out that of the 800 available vehicles only about 400 are operational. He adds that the "country has managed to obtain funds to purchase some spare parts. We are truly making efforts but this problem cannot be solved in the short run, because it requires a lot of foreign currency that the country currently lacks."

As for the taxi service problem, Lazo states that many complaints filed by the population have been discussed with the Transportation Directorate. He points out that the role of taxis has not changed; the attitude of some of those rendering the service has. Lazo notes that inspectors must step up their control duties.

As for the problem of migration toward the city, Lazo notes that "this is a huge problem. Comrade Fidel himself has addressed this issue on various occasions. He has delved into it and I have also touched on it on several occasions." He adds: "We make a call on capital city residents, because they are the ones who can help the most to eliminate or at least to stop migratory problems. Last year about 27,000 persons moved into the capital." Lazo says that capital city residents should be willing to carry out all tasks instead of bringing in people from outside the capital. He notes that control measures will be adopted to deal with this.

In reply to a question on the housing problem, the official says that construction plans were affected by a lack of resources during the special period. He points out that "as you might recall, Comrade Fidel himself promoted a grand investment plan in the materials industry to build 100,000 homes throughout the each year and 20,000 in the capital. Many of those investments are pending and the plan could not be continued."

As for the problem of prices, Lazo notes that this is not his purview, but he notes that this is linked to "demand and supply and has nothing to do with socialism. This has to do with capitalist mechanisms that we have been forced to adopt. This should make us realize why we should defend socialism." He adds that some prices are

indeed high, but they cannot be lowered due to the economic situation.

Regarding the work of reporters, Lazo says: "I want to congratulate Radio Rebelde for its initiative to air programs on the capital such as this one, because we have so many needs that they sometimes prevent people from seeing what we are doing; there are more needs than things we can do to solve them."

Cuba: Water Services Being Restored in Havana City Area

PA2902193496 Havana Radio Rebelde Network
in Spanish 1255 GMT 29 Feb 96

[Report by Pepe Suarez from the "Doing Radio" newscast]

[FBIS Translated Text] Water services in the 15 municipalities of Havana City have been being restored gradually since the early morning hours due to the great effort by the workers of that water system and other national organizations that have been able within 24 hours to cut and fit the old and new Cuenca Sur and (Aguada del Cura) pipelines in Havana City.

Esteban Lazo, first secretary of the Communist Party of Cuba (PCC) in Havana City Province, has visited the site, has praised the workers on behalf of the PCC, and has said something all the workers have always felt very deeply about: [Begin Lazo recording] This work was the permanent concern of our commander in chief, because he did not want our people to make the sacrifice of going without water for 72 hours. Several of the comrades here held a meeting with him during which he analyzed, discussed, and examined the need for us to reduce the duration of the work and the fact that we could not subject the people to such a situation as long as there was a possibility of reducing the time spent on this task. He has examined this situation thoroughly, and you, the workers of this project, could even see fellow members of the Council of State here on a permanent basis.

Comrade Lage has also visited this project, inspecting every detail and briefing our commander in chief. I believe our commander in chief was thinking about, visiting, and demonstrating his constant concern about this work even amid this terrible and difficult situation we were facing as a result of the downing of the two planes.

I am certain that the fact that you have undertaken this remarkable effort, as Comrade Conrado has said, strongly corroborates the argument by our commander in chief that we can always undertake efforts to ensure

that our people will suffer the least amid the difficult situations we experience.

I believe this gift is one of the greatest this group can give not only to our people but also to him personally with this great effort you have accomplished. I also congratulate you on behalf of the PCC, and we are certain we will always be invincible if we continue working in this manner. [end recording]

Cuba: Catholic Church Celebrates Ecclesial Meeting

PA0403130496 Havana PRENSA LATINA in Spanish
0015 GMT 26 Feb 96

[FBIS Translated Text] Havana, 25 Feb (PL) — The Cuban Catholic Church ended here today a meeting to commemorate the 10th anniversary of the Cuban ecclesial meeting, following five days of reflection aimed at examining its pastoral action in the face of Christianity's third millennium.

Bishops, priests, religious people, and laymen met in the Felix Varela rectory and discussed the various aspects of ecclesial and social reality in the presence of Cardinal Carlos Forno, Pope John Paul II's special envoy, and Cardinal Jaime Ortega, president of the Cuban Episcopal Conference.

Topics were discussed during the conclave that referred to the pastoral work in the communities, the internal activities of the religious institution, and the Catholic Church's cooperation in the delivery of solidarity aid to the citizens through Caritas [International Confederation of Catholic Organizations for Charitable and Social Actions], thanks to what was recognized as an atmosphere of greater tolerance.

Representatives of the Cuban ecclesial hierarchy highlighted in several news conferences the current detente in relations with the government, particularly the possibility to broaden certain pastoral actions outside the temples.

Cardinal Ortega himself, in a news conference today, described the treatment by the government authorities as being good, even though he considered "that greater headway could be made to improve"

"There is a road that has been traveled and is still pending," he said, and insisted that he never saw limits placed by the Cuban state in the church's internal structures.

Delegates to the meeting sent a message to the pontiff expressing their desire that he visit the island, a trip — according to what was clarified — that has not taken place due to a lack of coordination between the Vatican

and Havana authorities, despite being on record the Cuban official approval for this.

Following a cultural evening in the San Carlos and San Ambrosio Seminar the previous day, the meeting ended Sunday with Cardinal Ortega's homily in Havana Cathedral, which was preceded by the a message to the Cuban faithful from John Paul II, which was read by his special envoy.

Cuba: Politburo Members' Activities Through 1 Mar

PA0203002396

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 1 March.

Jorge Lezcano, chairman of the International Affairs Commission at Cuba's National Assembly of the People's Government, ANPP, said in Tunisia that Cuba's defense warned pilots of the aircraft owned by Brothers to the Rescue to leave the island's airspace on Saturday, but the advise was disregarded. In statements to the media at Tunisia, where he is on official visit, Jorge Lezcano said the two pirate aircraft shot down by Cuba's defense flew over national territory for over an hour. (Havana Radio Havana Cuba in Spanish 1300 GMT 28 Feb 96)

Politburo member Jose Ramon Machado Ventura toured the six sugarcane mills in Guantanamo Province, where the harvest must improve. The province's accumulated grinding levels have yet to exceed the 73-percent mark and low productivity in manual and mechanized cutting operations is still evident at the Costa Rica and Argeo Martinez Mills. Low productivity is also evident in other areas. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 24 Feb 96)

Doctor Concepcion Campa Huergo received an honoris causa degree in pharmaceutical sciences in a ceremony at Havana University's main assembly hall. Dr. Campa is the only Latin American woman to earn a gold medal from the World Organization for Intellectual Property for her research on the meningococcal meningitis vaccine. Dr. Campa recognized the ample possibilities granted by the revolution for her professional development. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 24 Feb 96)

Army General Raul Castro, minister of the Revolutionary Armed Forces, FAR, visited the Eastern Army territory and inquired about the economic development achieved in the zone. Castro began his tour in the Isle of Youth special municipality, where he received details

regarding compliance with the FAR's six strategic tasks, including the conservation of techniques and weaponry, preparation of personnel, and food production. Castro later visited a local citrus enterprise where production levels are severely deteriorated by the predatory action of state-owned cattle. The tour also included tobacco farms, a pharmaceutical factory, and the Camilo Cienfuegos Factory, which yields expert quality tobacco and tobacco seeds. Castro was accompanied by Politburo members Commander of the Revolution Juan Almeida, General Abelardo Colome Ibarra, General Julio Casas, and General Leopoldo Cintra Frias. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Feb 96)

Carlos Lage, vice president of the Council of Ministers, attended the assessment meeting of the Basic Industries for 1995. An increase in the production of chlorine, nickel, fertilizers, petroleum, and tires were among the most remarkable results reported by the Basic Industries last year. Although the generation of power remained low, it registered an improvement compared to 1994 by reducing outages by 57.7 percent. During his visit, Lage said that even though the economic growth is already beginning to somewhat benefit the population, the country's financial situation remains tense. Lage also noted that not only is the economy recovering, but there are also conditions to achieve more efficient and quality productions. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Feb 96)

Today, Cuba commemorates the first anniversary of the validity of the National Defense Law, one of the country's leading legal instruments. On this occasion, Raul Castro said that this law has a special significance for the revolution's survival, defense, and continuity. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Feb 96)

Raul Castro, Juan Almeida Bosque, and Leopoldo Cintra Frias recently visited Pinar del Rio, where they toured key points in this province. Raul Castro used this tour to learn more about the situation of the tobacco harvest and the production of foodstuffs. Raul held an enthusiastic dialogue with the workers, who vowed to continue consolidating this important bridge of access to foreign exchange for the country's development. In their tour of La Conchita fruits and vegetables' enterprise, the visitors showed a special interest in how the processing of approximately 80,000 quintals of tomatoes is organized. (Havana Radio Rebelde Network in Spanish 1255 GMT 1 Mar 96)

Haiti

Haiti: Senator Views Designation of Smarth as PM

PA2602191996 Port-au-Prince Signal FM Radio
in French 1230 GMT 22 Feb 96

[From "The 0730 Appointment Newscast" — passages within slantlines in French]

[FBIS Translated Text] Members of the opposition are still reacting to the designation of Rosny Smarth as the next Haitian head of government. The opposition says it is convinced the country's current situation requires someone who can bring about unity in the post of prime minister, according to a statement by the leader of the National Patriotic Movement of 28 November [MNP-28], Senator Dejean Belizaire, who has said he is open to all initiatives that can solve the problems Haiti is experiencing today.

President Rene Preval last week chose agro-economist Rosny Smarth as the individual who will lead the new government of the Republic. The MNP-28 official has said the problems of national production and insecurity are big issues the upcoming government will have to think about in the next few days:

[Begin recording] [Belizaire] /I want to believe that Smarth is a Haitian citizen and that he meets the constitutional requirements. I am convinced the country's political situation requires the presence of a unifier in the post of prime minister, as you have suggested, but for now it is difficult to say whether he is a unifier. I believe we will be able to know whether Smarth is this unifier for whom the country is waiting./

[Unidentified reporter] /How can MNP-28 bring its support to this new government should it call on you?

[Belizaire] /We in the MNP-28 are very open to support all that is favorable to the development of this country and all that is favorable to a significant change in the situation of the Haitian people./[end recording]

Haiti: Smarth Returns To Submit Documents to Deputies

PA2702030796 Port-au-Prince Signal FM Radio
in French 1130 GMT 26 Feb 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The prime minister-designate was convened again by the Chamber of Deputies. Rosny Smarth had to present himself once again at the Parliament on the afternoon of 23 February in order to complete his files. According to Alix Germain, the president of the commission in charge of studying the papers of Smarth, the latter failed to

submit his personal identity card, his electoral card as well as other papers required within the process aimed at his ratification. The following is a report by Yvener Millien.

[Begin Millien recording, in progress] ...Prime Minister Rosny Smarth's are incomplete. This is what the president of the commission studying the file of the prime minister, Deputy Alix Germain, has told the press. Deputy Germain has informed that the file of the prime minister is lacking his personal identity card, his electoral card, his grandfather's or grandmother's birth certificate. As regards the authenticity of the papers, the president of the commission has said that they are going to take steps to verify whether the documents presented by the prime minister are legal. [passage omitted] [end recording]

Haiti: Information Ministry Employees Against Closing

PA2702032796 Port-au-Prince Tropic FM in French
1700 GMT 26 Feb 96

[FBIS Translated Excerpt] A wind of panic is now blowing on the Ministry of Information and Coordination premises, where employees are blocked... [pauses] have prevented Minister Paul Antoine from entering.

This measure was taken in order to protest the news that the Ministry of Information is allegedly among the ministries that is going to be dissolved under President Rene Preval's administration. These Ministry of Information employees threaten to take other actions and have also demanded assurances from Superior Court of Accounts and Administrative Litigation leaders, legislators, and President Rene Preval. [passage omitted]

Haiti: Former Head of Presidential Guard Released

PA2702035296 Port-au-Prince Tropic FM in French
1700 GMT 26 Feb 96

[FBIS Translated Text] The former colonel and commander of the Presidential Guard, Christophe Dardompre, was released last Saturday, according to what his lawyer Jean-Claude Nord has announced.

Dardompre had been arrested in his private residence in Delmas charged with possession of illegal weapons. Let us recall that the arrest of Dardompre took place shortly after the assassination of Deputy Jean-Hubert Feuille.

Haiti: Foreign Colleagues Hit Presidential Security Agent*PA2702141296 Port-au-Prince Tropic FM in French 1700 GMT 26 Feb 96*

[FBIS Translated Text] A member of the close presidential security service, Gerald, nicknamed Papa, was handcuffed and hit by two of his foreign colleagues at the National Palace following reports that he allegedly has a mental problem. Gerald refused to hand over the materials he had in his possession and labelled the alleged reports as false. According to a source contacted by LE NOUVELLISTE, Gerald was the victim of a plot: Some of his colleagues are allegedly jealous, because it is rumored that President of the Republic Rene Preval was going to nominate him chief of his personal security.

Haiti: Preval Honors UNMIH Officials*PA2802010296 Port-au-Prince Signal FM Radio in French 1130 GMT 27 Feb 96*

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] Haitian President Rene Preval is satisfied with the work accomplished by the UN Mission in Haiti [UNMIH]. Last night during a ceremony at the National Palace, President Preval hailed the work accomplished in Haiti since 19 September 1995 by the international community through UNMIH and the multinational force.

Mr. Preval decorated the three main UNMIH heads: U.S. General Joseph Kinzer, commander in chief of the UN forces; Mr. Lakhdar Brahimi, special representative of the UN secretary general in Haiti; and Commissioner (Joseph Oneil Boliott), the main superintendent of the Canadian police contingent. This recognition is the obvious symbol of the Haitian peoples' satisfaction, Rene Preval stated. [passage omitted]

However, the Haitian head of state acknowledged that several other steps need to be taken. Thus, he studied the conclusion of UN Secretary General Butrus Butrus-Ghali's report to the UN Security Council on the situation prevailing in Haiti at the end of UNMIH's initial term. [passage omitted]

Haiti: Smarth's Policy Expected, Deputies Form Bloc*PA0103015996 Port-au-Prince Radio Metropole in French 1700 GMT 29 Feb 96*

[From "The Midday Newscast"]

[FBIS Translated Text] New Haitian Prime Minister Rosny Smarth is expected at the Parliament for his

statement of general policy. This is a generally long procedure which should lead Rosny Smarth to answer the numerous questions of the parliamentarians. He will have to appear before the two chambers with his complete governmental team. We have learned that the prime minister is allegedly facing some little difficulties to complete his team.

Meanwhile, at the Parliament, a new bloc has been set up. A group of 67 deputies formed the Lavalas Parliamentary Bloc, [Bloc Parlementaire Lavalas, BPL] has promised to work for the enhancement of the values of the parliamentary institution and the cultural patrimony, to promote participative democracy and human rights. Let us listen to a report by Edner Jean on the activities at the Parliament.

[Begin recording] [Jean] According to some deputies, the statement of general policy might take place this Friday whereas several senators speak of Saturday or Sunday. One way or the other the procedure leading to the installation of the next government should begin this weekend. However, the parliamentarians say they are willing to receive Rosny Smarth whenever he wants. They do require him to send a copy of the text of his statement of general policy and the complete list of the members of his government to the Legislative Palace 24 hours earlier, so the senators and deputies can best delimit the main action lines the next government will lead and also carry out a brief inquiry on the personalities who will compose the ministerial cabinet.

We have learned from reliable sources that several ministerial posts still remain to be filled and that consultations continue between the various components of the Lavalas family. Apparently, they still need a finance minister.

By the way, the deputies who were elected 'Around the Table' have grouped to form the first political bloc of the 46th legislature — BPL — that officially presented its constituent document to the office of the Chamber of Deputies.

[Unidentified deputy] BPL's objectives are: 1) To help actualize and materialize the commitments outlined in the constituent document of the Lavalas Political Platform [OPL]; 2) To promote the principles of participative democracy; 3) To contribute to the development of a policy aimed at changing the state and fundamentally based on decentralization, redress and social justice, economic construction, promotion of the citizens' fundamental rights, valorization and protection of our cultural patrimony; 4) To work in the respect of our cultural and patriotic values toward the development and reinforcement of the ties of the country with the rest of the world in general and the Caribbean in particular; 5)

To work for the enhancement of values of the parliamentary institution which is also one of the foundations of democracy in Haiti.

BPL promises to respect the Constitution, the laws of the Republic, the internal rules of the Parliament, and the internal rules of OPL.

[Jean] BPL includes a total of 67 deputies, that is more than two thirds of the strength of the lower chamber, which means BPL is very powerful within the Chamber of Deputies because alone they can gather the necessary quorum and vote on legal texts. [end recording]

Haiti: Police Director on Civilian Management, Insecurity

PA0303164396 Port-au-Prince Signal FM Radio
in Creole 1230 GMT 1 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The new director of the National Police, Pierre Denize, held a televised meeting with Haitian senators on 29 February.

Leaving Parliament after four hours of discussions, Denize, answering reporters questions, said he is going to promote a national police that will assume its responsibilities in this democracy. The new director of the National Police said he is ready to put new ideas into the institution thanks to the contribution of a civilian management. On insecurity, Denize said he will do all he can to fight this plague.

For more than four hours, Denize appeared before the parliamentarians, before a special commission comprised by members of each commission of the Senate. He met with senators on how he plans to lead the national police. The president of the country nominated Pierre Denize, and he is waiting for approval by the senators within the next few days:

[Begin recording] [Denize, in progress] ...a police that assumes its role in the democratization process Haiti is experiencing now and that assumes its role within President Preval's general policy with a view to restoring the authority of the state.

[Unidentified reporter] As for new ideas, what do you plan to bring to the National Police?

[Denize] If I am approved, first, and for the first time in Haitian history, I plan to contribute the civilian management of a body that has traditionally been led by the military.

[Reporter] On the insecurity problem, do you think you will be able to solve it for the Haitian people?

[Denize] I think I can try to ensure as much as possible that the National Police does all it can to fight the problem of insecurity. [end recording]

Haiti: Preval's Advisers, Commission Meet Prior to Visit

PA0303010196 Port-au-Prince Signal FM Radio
in Creole 1230 GMT 1 Mar 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Text] Preval will also have to go to the Dominican Republic at the invitation of Dominican President Joaquin Balaguer. Discussions are already being made on the proposal and agenda of the Haitian president's visit to the Dominican Republic. This visit is scheduled to take place at the middle of March. It has already been arranged by the Haitian authorities and submitted to the Dominican Chancery for the necessary follow-up, according to Guy Alexandre, Haitian ambassador to the Dominican Republic.

President Preval's various advisers, and a commission of the Haitian Ministry of Foreign Affairs met for three days with Ambassador Alexandre in order to define Haiti's proposals on this visit. According to Mr. Alexandre, the visit of the Haitian president is considered a big event among the various sectors of Dominican society and is highly anticipated. The Dominicans are of the opinion that it is in the best interest of both countries to improve their relations, he stated, while adding that the business sectors are very interested in the Haitian market and expect Preval's visit to be a starting point toward the steps aimed at formalizing proper commercial exchanges between Haiti and the Dominican Republic.

Haiti: Preval To Visit Northeast Province

PA0203235296 Port-au-Prince Signal FM Radio
in Creole 1230 GMT 1 Mar 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Text] President Rene Preval will visit Fort-Liberte on Saturday. The head of state will speak at a seminar organized in the region on agricultural production. President Preval will take advantage of his two-day stay there to encourage land reform in the region. It will be President Preval's second visit to the province since he took office on 7 February 1996. On his first visit, he went to Artibonite in an effort to boost agricultural production, more specifically, rice production.

According to a reliable source, during his visit in Fort-Liberte, the Haitian head of state will try to

encourage the rice producers of the region who are facing many problems, such as irrigation, as the planters do not have water for their paddies. Preval, who will lead a presidential delegation, will meet with the local authorities and agriculturists. A meeting will be held with the peasants of Maribaro on boosting rice production. The presidential delegation, that will leave Port-au-Prince very early tomorrow, will spend 48 hours in northeast Haiti.

Haiti: UPD 'Not Surprised' by Extension of UN Mandate

PA0203042496 Port-au-Prince Signal FM Radio in Creole 1230 GMT 1 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The leader of the Union of Democratic Patriots, Eng. Rockefeller Guerre, says he is not surprised by the extension of the mandate of the UN Mission in Haiti [UNMIH] because, he explains, the works are not completed yet. Guerre says he wishes it to carry on the training of the new policemen for these four months so that after its departure the National Police Force can be self-sufficient. The UPD leader says he is not satisfied with the work of the mission because it made a lot of promises that it has not managed to fulfill. The following are explanations by Rockefeller Guerre.

[Begin Guerre recording] What I can tell you about this extension of mandate is that, as everybody can see, the work the UNMIH came to perform in Haiti has not been completed. So, we knew that its mandate would be extended. However, we are not entirely satisfied with the work performed by the UNMIH. [passage omitted] [end recording]

Haiti: Smarth on General Policy Statement for 4-5 Mar

PA0203034996 Port-au-Prince Signal FM Radio in Creole 2200 GMT 1 Mar 96

[FBIS Translated Text] There are good relations between the ratified Prime Minister Rosny Smarth, and the Haitian parliamentarians. Rosny Smarth does not content himself with saying that he will not be able to come tomorrow for the statement of general policy that should take place at the Senate of the Republic. Smarth preferred to go and dialogue with the parliamentarians in order to tell them that he will not be able to come and make the statement of general policy at the Haitian Parliament tomorrow, Saturday as previously scheduled.

The second part [of his statement of general policy] was supposed to take place next Tuesday. However, Smarth will present his general policy before the senators on 4 March and before the Chamber of Deputies on 5 March,

according to the latest information confirmed by Rosny Smarth himself as he was present.

Thus, the prime minister will present his political program to the parliamentarians who will assess it, who will say whether they agree with it before they give a vote of confidence to Smarth's general policy which will constitute the last step in the ratification process of Rosny Smarth who will take office shortly after. Smarth has announced that he will present his general policy on 4 March, starting with the Senate. He intends to keep the main lines that were described by the president of the Republic as to the policy that should be followed soon in the country. We will now listen to the statements of Rosny Smarth.

[Begin recording] [Smarth] We will not do it tomorrow. This is what I came to tell the senators because the deputies... [pauses] the Chamber of Deputies has [words indistinct] 5 March. Thus, in principle, we will try to do it on 4 March at the Senate and we will do it all together [as heard] on 5 March.

[Unidentified reporter] Is the governmental team (?complete)?

[Smarth] Well, there are still some (?vacuums) that we have not yet filled totally.

[Reporter] [words indistinct] for Finance and Commerce?

[Smarth] We have already found somebody for Commerce.

[Reporter] What about the 10th Department [the Ministry of Haitians Living Abroad]?

[Smarth] The 10th Department is not completely ready but we have somebody.

[Reporter] What about the [Ministry of] State Service?

[Smarth] We will talk about state service and the others, we will specifically talk about that in the report... [pauses] I will talk about that in my statement [of general policy]. Everything is almost set up, a little detail is missing. [end recording]

Haiti: 'Difficulties' Finding Finance, Commerce Heads

PA0203040996 Port-au-Prince Signal FM Radio in Creole 2200 GMT 1 Mar 96

[FBIS Translated Text] We should explain that there are positions within the Rosny Smarth government that remain unfilled, namely, the finance and commerce minister posts. According to official sources, Rosny Smarth has had difficulties finding people for these two

ministries, which are considered to be two major offices when it comes to tackling the question of economic reforms in the country. This means that the people who have been nominated for these posts are afraid to accept as their businesses might be threatened in the event that the civilian population does not agree with a potential series of economic measures that could be adopted in the future.

Haiti: Smarth Presents List of Ministers to Senate
PA0403230196 Port-au-Prince Radio Metropole in French 2000 GMT 4 Mar 96

[FBIS Translated Text] Haitian Prime Minister Rosny Smarth is currently presenting his general policy statement before the assembly of senators. He is pleading for good cooperation among the Haitian private sector, public sector, and working class in order to increase the national economy by 6.5 percent per year. This is an objective of his government.

On the diplomatic plane, his government will favor relations with Latin American countries. He indicated that he intended to favor as well diplomatic relations with the Dominican Republic and develop with this country cooperation relations in culture and tourism.

Here is the list of members of the ministerial cabinet that has been presented before the Senate by the prime minister:

Public Works, Transports, and Communication Minister: Jacques Dorcean will retain his post from the former government.

The minister of planning is (Jean-Eric Derice); the minister of public health and population is Rudolphe Mallebranche; the minister of the interior and national defense is Jean Moliere; the minister of women's affairs and rights is Ginette Cherubin; the minister of national education is Jacques Edouard Alexis; the environment minister is Yves Andre Wainright; the social affairs minister is (Pierre Denis Amedee); the agriculture minister is Gerald Mathurin; the foreign affairs minister is Fritz Longchamp; the economy and finance minister is Fred Joseph; the justice minister is Pierre Max Antoine; the culture minister is Raoul Peck; the commerce minister is Presnel Germain; and the minister of Haitians living abroad is Paul Dejean.

In this list, the prime minister did not mention the Ministries of Information and State Service, which thus confirms the elimination of these two ministerial portfolios.

Mexico: Official Says U.S. Certification To 'Strain' Ties

PA0103205296 Mexico City NOTIMEX in Spanish
2331 GMT 26 Feb 96

[FBIS Translated Text] Washington, 26 Feb (NOTIMEX) — Mexican politician Santiago Onate said here today that relations between the United States and Mexico will face a "severe test" because of the xenophobia, trade protectionism, and the anti-drug certification existing in this country.

Onate, president of the National Executive Committee of the ruling Institutional Revolutionary Party (PRI) of Mexico, said the anti-drug certification process in particular will strain relations between the two countries regardless of the outcome.

"I hope the impact will not be so strong that it will return us to the old game of typifications and accusations. What we should be doing is joining our efforts in the anti-drug struggle," the party leader said during a news conference.

Onate, who began a two-day visit to Washington and New York on 26 February, presented in a Washington hotel a broad picture of the situation and challenges the bilateral relations must confront and the status of Mexico's political situation.

In his political review of the topics adversely affecting the ties between the United States and Mexico, the PRI leader particularly condemned the position of the conservative candidate to the U.S. Presidency, Pat Buchanan, winner of the crucial primaries in New Hampshire. "He is a candidate who, in our opinion, is focusing part of his campaign on criteria and concepts just short of xenophobic practices, which we believe are not the most healthy ones in politics," Onate said.

Even though the PRI leader admitted that "we are no one to be telling people how to conduct their campaigns," he said no candidate to an elected post should be emphasizing the negative aspects in order to be successful in the political scene.

Onate said the anti-drug certification process is an element of tension in the bilateral relations. His visit is taking place four days before Washington issues its list of countries that will be certified or decertified on their fight against drugs.

Even though he said the PRI recognizes the certification process as a legal instrument of the United States, he said it has a political impact and international implications.

"The certification process, regardless of its outcome, will strain relations between Mexico and the United States," he said.

The PRI leader criticized Washington's position with which its increasing levels of drug consumption and a policy that favors "repression" over "prevention" claims the right to judge the efforts of other countries.

Onate said other aspects adversely affecting bilateral relations are the actions the United States has taken to contain the export of Mexican red tomatoes, cement, and trailer trucks under the North American Free Trade Agreement.

"For many Mexicans the signing of NAFTA has represented the beginning of a new era of relations between the United States and Mexico, based on the observance of the law and mutual respect for the solution of controversies," he said.

"To witness the return of these protectionist practices and the certification process in the case of drugs, the relation will undergo a severe, hard test," he said.

As for the internal situation in Mexico, the political leader reiterated his displeasure over the fact that the Attorney General's Office has not completed the investigation of the assassination of presidential candidate Luis Donaldo Colosio, which took place in March 1994.

Onate said the PRI will continue to publicly demand the investigation of the crime and will do so through legal and institutional means.

"We will be satisfied when the investigations reach the presentation of charges stage and the indictment of the person or persons who may be involved. That is when we will be satisfied. Unless that takes place, we will not be satisfied," he said.

Onate said the PRI agrees with the call made by the Mexican Presidency on 24 February about the role of the political parties in the investigation of Colosio's death.

The PRI leader said his party supports the Presidency's appeal in the sense that the actions of the parties should always have the Constitution, the law, and the respect for the country's institutions as their point of reference.

At the PRI, Onate said, "we also share the belief that trading accusations or disputes among parties is not the way to solve this crime."

As for the withdrawal of the opposition National Action Party, PAN, from the Dialogue Table for State Reform to protest an alleged electoral victory in a town in central Mexico, Onate said the PRI hopes to join forces in the following stage of the process.

"Our position seeks the inclusion of the greatest number of forces for our consensus-building efforts. If some force or forces do not value the work done at the negotiations table, we hope to include them later on as part of Congress' duties," he said.

Onate, who held a conference at Johns Hopkins University the afternoon of 26 February, plans to travel tomorrow, 27 February, to New York to a meeting at the Council of the Americas. Onate will return to Mexico on 28 February.

Mexico: Group Blames NAFTA for Economic 'Disaster'

PA0203030196 Paris AFP in Spanish
2105 GMT 29 Feb 96

[FBIS Translated Text] Mexico City, 29 Feb (AFP) — NAFTA is "responsible for" the economic "disaster" Mexico is experiencing two years after it went into effect, because it has worsened local problems, Bertha Lujan, secretary of the Mexican Action Network Against Free Trade [Red Mexicana de Accion Frente al Libre Comercio — RMAFLC], said.

In a news conference, Lujan stressed that when Mexico, Canada, and the United States negotiated NAFTA, Mexican officials "made promises and now, two years later, we see a worsening of the crisis," because the better and additional jobs or the high salaries did not come through.

Not only has the Treaty been unable to resolve old commercial conflicts between Mexico and the United States, but it is also unable to find mechanisms to stop the conflicts that have appeared during its implementation or prevent future disputes, she remarked.

In a NAFTA follow-up document, the Network noted that in 1994 the Mexican economy grew by 3.7 percent, but "NAFTA did not contribute to this; the increase was largely attributed to the so-called financial intermediation, which accounted for 3.6 percent of the Gross Domestic Product (GDP)."

In 1995 the GDP dropped by 6.9 percent, in spite of the fact authorities believed this would be the year in which the Treaty would bolster the Mexican economy, which experienced its worst moment since 1932.

The members of the Network believe that NAFTA has taken Mexico to critical employment and salary situations, and has dismantled the production infrastructure because it has only benefited large national and foreign companies.

In addition, it encourages foreign speculative investment because it contains provisions that prevent any restric-

tion or regulation of these capitals, in addition to the fact that it has not been an instrument to strengthen domestic finances.

The Mexican Government has based its reactivation expectations on exports, an area in which the Network noted that "300 companies account for 70 percent of total exports and most of them are multinational corporations."

In the financial area, Bertha Lujan considered that NAFTA has reinforced foreign obligations and "the old scheme of robbing Peter to pay Paul is being imposed on us."

She explained that in 1995, in order to face the economic emergency, the government received \$28.223 billion from the United States and the IMF and issued bonds internationally for \$6.521 billion, which brought the payment for servicing the total foreign debt (more than \$176 billion) to \$52 billion.

In addition, according to Network members, NAFTA accelerated the unilateral Mexican opening and dismantled a large part of the production infrastructure, which did not have resources to modernize itself.

Lujan concluded that the Network and other organizations in the United States and Canada are assessing, in a coordinated manner, the effects of NAFTA and promoting reforms that really benefit the peoples from the three signatory countries.

Mexico: Government, Parties React to U.S. Certification

PA0203182096 Madrid EFE in Spanish
2101 GMT 1 Mar 96

[FBIS Translated Text] Mexico City, 1 Mar (EFE) — The Mexican Government today reacted with a certain degree of indifference to the U.S. approval of its struggle against drugs, stating that the decision will not change its policy against drug trafficking. Meanwhile, the opposition expressed satisfaction.

In an official communique released today, the Mexican Foreign Secretariat reiterated its "concern over the impact that processes such as the certification can have on growing and effective bilateral cooperation" between the two countries.

Efforts to combat drug trafficking are permanent and continuous "by our own decision and in response to the danger that drug trafficking poses for our country's national security," the communique added.

Mexico underscored that it will bolster regional and worldwide bilateral cooperation plans in the area of drug

trafficking, and underlined that the U.S. decision "will not alter or modify the programs and priorities of the Mexican Government's anti-narcotics policies."

Meanwhile, the opposition political parties were pleased with news of the "certification," and they all rejected the U.S. Government's assessment of other nations.

German Martinez, leader of the right-wing National Action Party (PAN), told EFE that he is pleased with Washington's announcement even though the United States "lacks the moral authority" to judge Mexico.

"The efforts of the Mexican Government and Office of the Attorney General in the struggle against drug trafficking have finally been acknowledged," the spokesman added.

Nevertheless, Martinez explained, the PAN warns that the United States "lacks the moral authority" to issue such a certification, among other reasons because President Bill Clinton has publicly admitted to having smoked marijuana.

Martinez said that the "certification" is worthless if the U.S. Government fails to do what it should with regard to the consumption of drugs, because Mexico contributes to the shipment of drugs and the United States to the consumption.

Deputy Juan Guerra of the Party of the Democratic Revolution (PRD, left-wing), told EFE that the U.S. decision slightly lessens uneasiness over the United States' "interventionist" act of claiming the power to certify the struggle against drug trafficking in other countries.

The deputy said that approval "is the least the United States can do" following the arrest of drug traffickers such as Hector Luis "El Guero" Palma and Juan Garcia Abrego, leaders of the Sinaloa and Gulf cartels, who were captured in June 1995 and January 1996 respectively.

Nevertheless, Guerra said that the U.S. action "is offensive to Mexico, which does not claim the power to certify the U.S. struggle against drugs; perhaps we could disapprove them."

Guerra added that Mexico has pledged to struggle profoundly against drug trafficking and "narco-corruption," but he warned that it must be remembered that the problem has two extremes, production and consumption, and Mexico is only a bridge for the trafficking of cocaine.

The "certification" announcement coincided with two concurrent police operations in the Mexican capital and in the border city of Tijuana, to arrest brothers Ramon and Benjamin Arellano Felix, "lords" of the Tijuana

Cartel, one of the three leading criminal organizations in the country.

The Office of the Attorney General, which also participated in the operations, announced that no arrests were made following a search of several residences owned by the Arellano Felix's and that only sophisticated radio-communications equipment and firearms were seized.

The Arellano Felix's are the drug traffickers most sought by the Mexican police; they are implicated in the murder of Cardinal Juan Jesus Posadas Ocampo, who was riddled with bullets in Guadalajara (western Mexico) in May 1993 in a settling of accounts between the Tijuana and Sinaloa Cartels.

Mexico: Zedillo, Guatemala's Arzu Sign 4 Agreements

PA0203001196 Mexico City NOTIMEX in Spanish 0331 GMT 27 Feb 96

[FBIS Translated Text] Mexico City, 26 Feb (NOTIMEX) — The presidents of Mexico, Ernesto Zedillo, and Guatemala, Alvaro Arzu, today signed four agreements in the areas of legal assistance, safety in the radiology field, the serving of sentences by criminals, and the transportation of tourists.

Delivering his speech, Zedillo said both presidents during their terms will attain a strong relation of respect and brotherhood between Mexicans and Guatemalans.

He said the signing of these treaties demonstrates both nations' interest in building a strengthened relation. "We are greatly committed to the implementation of these agreements for the sake of both countries's future," he said.

Arzu thanked President Zedillo for the progress attained during this working visit "to a country that is like a big brother and where we are sure to find a friendly country, a country with which we can join efforts, promote trade and friendly relations."

Arzu said he will inform the members of the business sector once he returns to his country that they must be confident and work closely between the two countries, without trying to take advantage of the other in order to have a better future on the horizon than the one that existed a few years ago.

According to the agreement on mutual legal assistance, both governments agreed to cooperate to prevent, investigate, and prosecute crimes stemming from incidents within the jurisdiction of the requiring party.

This agreement, which Assistant Prosecutor Rafael Estrada and his Guatemalan counterpart, who was

member of a delegation headed by Foreign Minister Eduardo Stein, signed, also calls for assistance in dealing with criminals.

The treaty on the serving of sentences by criminals signed by the same officials commits both sides to facilitating the rehabilitation of criminals and allowing them to serve their sentences in their countries of origin.

The agreement on cooperation in the radiology field signed by the assistant secretary on the development of energetics policy, Jorge Eduardo Navarrete, and Foreign Minister Stein calls for the peaceful use of nuclear energy. It also includes the exchange of expert professors for courses and seminars and the reciprocal supply of materials and services, among others.

The Mexican assistant transportation secretary, Aaron Dichter Poltolarek, and the Guatemalan foreign minister signed the agreement to facilitate the services of international tourism vehicles between Mexico and Guatemala.

This agreement seeks to support a greater liberalization of policies in the field of transportation and to establish the conditions on facilitating international tourism services to increase the flow of tourists by bus.

Mexico: Guatemalan President Views Refugee Situation

PA0403001996 Mexico City XEW Television Network
in Spanish 0400 GMT 28 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Today, Guatemalan President Alvaro Arzu Irigoyen expressed his gratitude to the Mexican Government for the hospitality given to thousands of Guatemalan refugees over the past 16 years.

Guatemalan President Alvaro Arzu believes the presence of the Guatemalan refugees in Mexican territory is a regrettable story everyone wants to forget. Stating this during his tour through Campeche as part of his official visit to Mexico, President Arzu stressed that his government has a special interest in the refugees returning to their country with dignity, respect, and progress.

During a meeting held with Jorge Salomon Azar Garcia, Julio Cesar Ruiz Ferro, and Mario Villanueva Madrid, governors of the states of Campeche, Chiapas, and Quintana Roo, respectively, as well as with representatives of local and foreign organizations that support the refugees, President Arzu said that Guatemala seeks an interrelationship with the border states [Campeche, Chiapas, and Quintana Roo] to find formulas of understanding. Moments after arriving in Campeche's airport, the Guatemalan president bid farewell to a group of Guatemalan refugees who returned to their country after

a stay of approximately 15 years in Mexican territory. Later, he visited the refugee camp in Santo Domingo (Queste), one of the four camps in Campeche State and then exchanged views with leaders of the refugee community. President Arzu's work day in the state was described as unprecedented, since this was the first time a Guatemalan president has met with fellow nationals who are in another country as refugees.

Here is an interview with President Alvaro Arzu from Campeche.

[Begin recording] [Anchorman Jacobo Zabłudovsky] President Arzu, we truly appreciate your granting us this interview. You have just visited a Guatemalan refugee camp in Campeche. What was your impression?

[Arzu] As a Guatemalan citizen, it was painful. It was very painful for me to see the children growing up far away from their country. As the president of Guatemala, this is obviously a difficult and painful situation to accept. However, I was very grateful to the Mexican people, the authorities, and the governors of the three states for giving shelter and assistance to my people. I also felt in high spirits and enthusiastic about a speedy return of the refugees, an attitude I tried to convey to all of these people. I told them that we are hoping they will return to Guatemala soon so that all of the Guatemalans — along with them — will be able to live with dignity.

[Zabłudovsky] According to estimates, approximately 40,000 Guatemalan refugees have come to Mexico from 1980 until now, and many experience problems when they return to their country. What is your government's political will in this regard?

[Arzu] The return of our refugees has not been suspended. A record number of refugees returned to Guatemala in 1995, far surpassing the figures registered in previous years. Thus, efforts to promote the return of the refugees to our country have not been suspended nor will they be suspended. On the contrary, we want to increase the number of refugees returning to our country.

[Zabłudovsky] Approximately, 22,000 children have been born in Mexico from Guatemalan parents. It will not be until they come of age when they must decide which of the two nationalities they will adopt. In the meantime, what rights will they have if they return to Guatemala?

[Arzu] They will definitely be entitled to have and obtain this dual nationality. I would like to add that very interesting and important things have happened during my visit. For instance, the governor of Campeche was telling me that at this time, the refugees working in the area produce 5 percent of the corn produced in

the entire district. Thus, this is important because there is already an interrelationship of work and effort with the Mexican people, and this relationship is not only enabling these Guatemalans to support themselves, but also to contribute to the state in an effective and efficient manner, generating wealth and jobs.

[Zabludovsky] The return of the Guatemalan refugees in Mexico is contingent upon the granting of land for their use, which also implies credits and technical advice. To what extent will your government commit to fulfill these requirements?

[Arzu] You have said it. This is not only about giving them land; they need raw materials, farming tools, and credit possibilities so that they can improve their crops. We must also provide training programs and technological assistance to enable them to become more efficient and effective in their work. In other words, this is an integral process. It is not only about giving them a parcel of land and leaving them on their own. We must give them all the necessary support and credit and instrumental assistance to enable them to improve their crops, diversify them and generate greater profits from their own work.

[Zabludovsky] How could you summarize your 48-hour visit to Mexico?

[Arzu] I would describe it as very successful. We have reached very important agreements in areas such as the free market and cooperation, and very soon, we will see the benefits, not only for the Guatemalans, but also for this southern strip of Mexico, which also needs them.

[Zabludovsky] Many thanks, President Arzu for granting us this interview. [end recording]

Mexico: Zedillo on Loans, Drought Aid For Chihuahua State

PA0403162296 Mexico City XEW Television Network in Spanish 0400 GMT 29 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Text] In Chihuahua State, President Ernesto Zedillo has acknowledged that efforts have proven insufficient to provide solutions and funds for defaulted loans because this is a very big problem. He said the political commitment exists to cope with the problems of debtors. We must recall, he said, that very obvious limitations exist to provide solutions.

[Begin Zedillo recording] As we begin to have greater elbowroom, which the economic recovery will certainly create for us, we will continue allocating funds until we can provide a definite relief. [end recording]

President Zedillo also announced that in view of the prolongation of the drought, and as long as the emergency continues due to the lack of rain, the government of the Republic will continue enforcing the Federal Pact regarding compensation. During a ceremony called Alliance for Chihuahua's Countryside, the president announced that the emergency program to ease the consequences of the drought will continue and will be expanded this year. He announced 190 million pesos in federal funds will be used to ease the impact of the drought in 39 Chihuahua municipalities. This figure is 70 percent more than in 1995.

President Zedillo began early his activities in northern Chihuahua municipalities. He inaugurated a new cement factory in Samalayuca. In Nuevo Casas Grandes, the president headed the Alliance for Chihuahua's Countryside meeting that seeks to cope with the worst drought of this century in the state's countryside. In the Paquime archaeological zone, he inaugurated the northern cultures museum that will preserve pre-Hispanic cultures of the great Chichimecas people.

While in Ciudad Juarez, he presided over a meeting called Economic Recovery for Chihuahua's Social Well-being and the signing of the 1996 Social Development Agreement. Later on, he was informed of the Barrancas del Cobre master plan for the Tarumara Mountain Range. Accompanying the president in Chihuahua State were the secretaries of commerce and industrial development, social development, and agriculture, livestock, and rural development, and the president of the National Council for Culture and the Arts. In the afternoon, President Zedillo returned to Mexico City.

Mexico: Communications Secretariat Urges Border Talks

PA2602214296 Mexico City LA JORNADA in Spanish 21 Feb 96 p 48

[Report by Victor Cardoso]

[FBIS Translated Text] The Communications and Transport Secretariat [SCT] has requested discussion panels on NAFTA in order to resolve a conflict created by the closing of the U.S. border to surface transportation, an activity which should have become independent in the border states since 18 December.

According to SCT sources, the conflict has failed to be settled through a meeting between Mexican and U.S. authorities in Dallas, Texas. For this reason, the SCT has decided to formally appeal to the authorities established by NAFTA and to promote the opening of border states in compliance with NAFTA requirements.

According to mechanisms provided in NAFTA, disagreements should be discussed by consulting among the authorities of the involved governments. A trilateral committee should then be created to hear the arguments. Finally, discussions should be held by a panel of experts who would express an opinion on the disagreements.

SCT authorities estimate the panel of experts would be created in no later than one month. Six Mexican surface carriers have already requested the SCT's permission to participate in the forum.

It has also been reported that Mexican authorities will issue import permits for U.S. cars that comply with Mexican regulations. Mexican authorities will ask the U.S. Government to study one by one the requests of approximately 300 enterprises interested in exploring the U.S. market.

In addition, and in response to the lawsuits by the National Chamber of Land Transportation of Cargo [Canacar] against foreign enterprises already operating in the country's interior, SCT and the Commerce Secretariat are studying the regulations of what is defined as a "neutral investment" in the Foreign Investment Law enacted in 1993.

The "neutral investment" provision made it possible for the Snyder Company to buy all the stock of Virel Transports, to which, according to the sources, the payment of compensation or the sale of its shares to Mexican businessmen had been proposed for the enterprise to stop offering the service.

In addition, the cases of the companies Celedon, J.B. Hunt, and M.C. Carriers, which also rely on "neutral investment," are being studied.

According to Canacar's arguments, "neutral investment" applies to resources for the operation of local transport services, an activity which the Federal Road, Bridge, and Surface Transportation Law has reserved exclusively for Mexicans up to the year 2004.

Mexico: Canacintra President on Jobs, Government Dialogue

PA0403133896 Mexico City Radio Red Network
in Spanish 0000 GMT 28 Feb 96

[Report by Antonio Guzman; from "The Night Monitor" newscast]

[FBIS Translated Text] [Guzman] Carlos Gutierrez Ruiz was announced as the new president of the National Association of Manufacturers [Canacintra], following a meeting of that association. He replaces Victor Manuel Terrones Lopez.

During his first news conference, Gutierrez Ruiz pointed out that unemployment is still the main concern for Mexican industrialists. Therefore, it is urgent to implement a consistent industrial policy along with a permanent dialogue between the government and businessmen.

Additionally, he pointed out that the country's productive plant urgently needs support to overcome its current difficult situation, to prevent more businesses from closing down, and thus, provide employment to the thousands of currently unemployed Mexicans. Regarding a dialogue with the government, Gutierrez Ruiz added that this is the only way to visualize the results of the current Alliance for Economic Recovery, so as to make more flexible the economic variables that are halting recovery.

[Begin Gutierrez Ruiz recording] The productive sector should be very careful and alert during this dialogue, which I propose, between the government and Canacintra to make it stronger so as to visualize, understand, and inform of the frameworks within which this process is developed. Having all of the figures as basis in our hands, we will be able us to ask the Mexican Government to make more flexible or modify some of its variables in order to facilitate compliance. [end recording]

[Guzman] He obviously referred to economic variables like inflation and interest rates. According to Gutierrez Ruiz, these could become more flexible at a given moment, if necessary, to prevent exerting a pressure that might obviously delay recovery. During his news conference, Gutierrez also underscored that improving workers' income is a priority. However, he did not lose sight of the significance of maintaining inflation under control. The industrial leader said that all of the aforementioned should be accomplished jointly.

Nevertheless, he did not disregard the fact that unemployment is still the main concern as we have said earlier. He mentioned other issues, including the fact that sales in the manufacturing sector have dropped and continue dropping. He added that membership in Canacintra decreased down to 19 percent from February 1995 to February 1996. Obviously, this is basically the result of the closing of some businesses due to the difficult situation that prevailed last year and still continues.

Mexico: Secretary on Sale of Petrochemical Industry

PA0403143196 Mexico City EL FINANCIERO
in Spanish 29 Feb 96 p 12

[Report by Georgina Tristan and Victor Gutierrez]

[FBIS Translated Text] Energy Secretary Jesus Reyes Heróles has affirmed that the privatization of the petrochemical industry is not unconstitutional, even though he has recognized there are questions about the process the Privatization Commission and his secretariat are studying.

He added that the document on this privatization will not be revised until the final report on the constitutionality of the petrochemical privatization is drafted by the Fuels Commission of the Chamber of Deputies. Meanwhile, "I know they are working on the report."

Arturo Fernandez, president of the Autonomous Technological Institute of Mexico (ITAM), has questioned the need for the basic petrochemical industry and oil refining to be in the hands of the state if the private sector can allocate resources to these areas and if the government can devote itself to areas having priority.

Members of the legislative subcommission analyzing the privatization of the secondary petrochemical industry have said that in a change of strategy in the methods, the federal government will commit itself to having the sale of the petrochemical industry observe the laws and to guaranteeing the implementation of an overall program that would offset the social costs in the region where the complexes are located. There is no going back.

At the same time, the government must guarantee the protection of the labor rights of those workers working in the plants; it must also assume the costs the environment has had to pay, the deputies have said.

They have said that among the "recommendations" made to the executive branch, which the plenum of the Fuels Commission will analyze on 4 March, are those that maintain that national sovereignty will be fully defended. To do this, the due "fail safe measures" will be taken regarding foreign participation so it will not have the possibility of "manipulating" production.

Fernandez also said the sale of the petrochemical industry is a good measure for the expansion of the energy sector, because the manner in which the resources for its development will be generated is not mentioned in the sector's program. A total of 250 billion pesos are necessary for the next eight years. The private sector has to inject more than 48 billion pesos.

Both the ITAM president and Reyes have participated in the seminar dubbed "Impacts of the National Energy Plan for the National Industry" the ITAM and the Energy Secretariat have organized.

Analyzing the sectorial energy program before the energy secretary, the ITAM president has mentioned certain omissions in the document. He has said it does not mention whether the increase in the production of natural gas the government intends to make will be enough to promote the projects of private investors for the petrochemical industry.

He also has affirmed that there is no regulatory framework or "rules of the game" for the construction of pipelines for the transportation of chemicals or petrochemicals. He has proposed, however, that the state expropriate land to lease it to individuals for the construction of these pipelines.

The ITAM president has said another matter that is not mentioned in the program is the manner in which the prices of petrochemicals and oil will be affected in Mexico since Russia and other nations have also opened these sectors to private investors. In addition, the manner in which we are going to generate the resources for the energy sector expansion that was included in the sectorial program was not mentioned in the document either.

He has said the petrochemical classification prior to the 1992 reclassification was an inflated list that inhibited private participation, adding that determining whether the current classification of basic and secondary petrochemicals is an issue that must be pondered.

Fernandez has said the federal government can reallocate the resources it allocates to the petrochemical industry and oil refining—those resources are capital oriented—to priority sectors and leave these sectors in the hands of private investors.

He admitted that the goals of increasing oil and natural gas production in Mexico for the next few years are ambitious and contrary to the stagnation experienced by these sectors between 1982 and 1994, when the energy sector did not increase its share in the country's economic growth.

The ITAM president explained that at that time, this sector was an economic factor since its share decreased from 4.6 to 3.4 percent of the GDP. However, he admitted that the electricity sector grew at an average rate of 5 percent.

He affirmed that the intended decentralization of Mexican Petroleum [Pemex] and the Federal Commission on Electricity is a necessary step.

Supply Is Guaranteed

The legislators added that the change in strategy for the transfer of the petrochemical complexes also provides that the production of any product that is considered as "secondary" will not be canceled and that its supply will be guaranteed, as is the case of fertilizers that are required for agriculture.

In addition, they pointed out that another recommendation will be to bestow the Chamber of Deputies with powers, beginning in 1997, to examine the income resulting from the sale of the complexes, particularly when a greater clarity is sought to avoid the mismanagement of funds that were common in the past.

Regarding the overall program that the government will implement in the areas where the petrochemical complexes are located, new investments will be sought to create businesses that will generate employment. This will help to ease strain caused by the dismissal of Pemex workers because of the transfer of those areas.

Members of the legislative subcommittee, who requested that their names be withheld, pointed out that the important thing is for "a social crisis not to break out in that region." It is for this reason that fiscal and government incentives will be encouraged to prompt new industries into establishing in the region.

For the time being, this Monday, the entire Energy Commission will publicly and officially unveil its recommendations, which will in turn be delivered on Wednesday to Energy Secretary Jesus Reyes Heróles and Pemex Director General Adrian Lajous.

The legislators clarified however, that definitively "there will be no going back" on plans to privatize the petrochemical plants, although there will be a change in strategy so that the sale will adjust to constitutional precepts.

However, Institutional Revolutionary Party Deputy Humberto Roque Villanueva, president of the Grand Commission of the Chamber of Deputies, stated that with respect to the petrochemical plants, "nothing has yet been drafted" since the Energy Commission has not yet made its recommendations.

Roque Villanueva rejected the perception that the Chamber of Deputies was already against the sale and stated that there is no reason why the legislative branch should discuss issue. Therefore, the subcommittee examining the case is only analyzing the conditions under which the process should take place.

Mexico: Moving Up Salary Increase To Hinder Progress

PA0403154796 Mexico City EL FINANCIERO
in Spanish 22 Feb 96 p 24

[Report by Gerardo Flores]

[FBIS Translated Text] According to the Secretariat of Finance and Public Credit [SHCP], if the generalized increase in the minimum salaries is granted in March and not in April as indicated in the Alliance for Economic Recovery (Apre), Mexico will run the risk of facing alterations in the goals of its macroeconomic program, mainly regarding inflation.

Alejandro Valenzuela del Rio and Manuel Ramos Francia, directors of International Financial Matters and Financial Planning, respectively, agreed that currently, there are not serious pressures on the economic plan and its objectives. Additionally, they admitted that one of the risks the country might face, and should be prepared for, is a high volatility in the financial markets.

In a news conference, Apre spokesman Alejandro Valenzuela stressed that the economic model for this year was drafted based on the agreement reached with the sectors that signed the Apre.

Valenzuela said: "The figures for the economic policy decisions were estimated based on previous agreements. Any change in any of the variables will have an impact on the others. This is obvious."

Manuel Ramos Francia said that following the January reports on unemployment and price hikes, the economic program's goals are not being questioned.

Ramos Francia explained that the signs the macroeconomic growth rate shows, look more favorable if seasonal effects are disregarded. He admitted that economic activity levels are very low and that if they are compared to the 1994 figures, the people could even speak of a recession, but they are positive if compared with the last quarter of 1995.

Ramos Francia said that in 1996 there will be more direct foreign investments than in 1995, when up to the third quarter, foreign investments amounted to more than \$4.9 billion, and this will make financial markets less unstable and will reduce debt-payment problems.

This official said that GNP and economic growth figures should be evaluated carefully, because if seasonal effects were to be considered then it could be said there is a recession, but if this variable is not considered, then it can be affirmed that the crisis reached rock bottom and that this year the figures will be better.

Valenzuela noted that the Foreign Relations Secretariat is the one who must state a position on U.S. certification or disqualification of Mexico as a country that cooperates in the struggle against drugs. Additionally, he said that despite the fact that the economic growth for this year's first quarter will be two or three percent below that of the first quarter of 1995, this year's three percent economic growth and 20.5 percent inflation rate goals will be reached.

Valenzuela said that the government is still studying what alternative or financial instrument will soon substitute the Tesobonos [Treasury Bonds] in the market.

The Finance Secretariat's immediate task is to issue a new financial instrument pegged to the dollar. Valenzuela said: "There are plans to issue a medium-term financial instrument that will have the same type of maturity of the Ajustabonos [Adjustable Bonds], but that will be pegged to investment units."

Valenzuela noted: "This is like an Ajustabono but a bit different because the variable it will be pegged to will no longer be the National Price Index to Consumers [Indice Nacional de Precios al Consumidor] but investment units, according to plans."

Valenzuela said that foreign debt limits imposed by Congress were respected in 1995. The report on finances and public debts for the fourth quarter notes that the net foreign debt acquired was \$3.9 billion, which is under the authorized figure, plus \$10.5 billion, of a \$26.5 billion maximum, to pay for Tesobonos, which represented the use of only 40 percent of the earmarked figures.

Mexico: U.S. Ruling Barring Deportation 'Outrageous'

PA0203021296 Mexico City NOTIMEX in Spanish
2057 GMT 28 Feb 96

[FBIS Translated Excerpt] Mexico City, 28 Feb (NOTIMEX) — Mexico described today as "regrettable" and "outrageous" the decision by U.S. judge Maryanne Trump Barry to declare unconstitutional the deportation proceedings against former Deputy Attorney General Mario Ruiz Massieu and order his release.

"It is regrettable and even outrageous that the Mexican authorities' decisive struggle against corruption is hampered by U.S. judges," an official communique stated.

The communique added that the Attorney General's Office and the Foreign Secretariat have demonstrated, with abundance of detail and clarity, the offenses that the former Mexican official perpetrated. It also noted that it has been shown that Ruiz Massieu, who was being tried for having an expired visa and has been

under arrest in the United States since last March, made illicit bank deposits in the United States.

The communique noted that "it is unacceptable that our country's authorities are prevented from bringing to justice Mexican citizens who transgress our own laws."

This Wednesday, the Newark federal judge issued a 68-page ruling ordering the release of the former attorney general because she considered the U.S. attempt to deport him unconstitutional.

The U.S. Government immediately announced that it would appeal the ruling by Judge Trump Barry, who gave the Justice Department until Friday afternoon to file its formal appeal before the appropriate court.

Ruiz Massieu will remain in custody until the appeals court issues a ruling, and according to his lawyer Tono Lanate, that process may last "from one month to a year." [passage omitted]

Mexico: PAN 'Self-Exclusion' Not To Stop Reform

PA0303024696 Mexico City LA JORNADA
in Spanish 26 Feb 96 pp 1, 6

[Article by Salvador Guerrero Chipres]

[FBIS Translated Text] "A democratic reform," designed to take care of the fundamental concerns of society as far as the access and exercise of power, political stability, and social justice are concerned, cannot be stopped despite the "self-exclusion" of political players, the Government Secretariat said eight days after the National Action Party (PAN) decided to withdraw from the Dialogue Table for Political and State Reform.

The Government Secretariat stated, "The participation of political forces enriches the deliberations, but does not condition or infringe the regime's intentions." The secretariat added that "to delay the dialogue would be to create conditions to render impossible the goal of promoting change. The players, who have been called upon to deliberate on the reforms and the consolidation of change in Mexico "should not conceive the process as a situation in which the objective of the participants is to obtain benefits at the expense of others. No one has been left out; he who decides to establish his political position by leaving the dialogue table will abandon his commitment with the nation and will allow other aspects to endanger the republic's superior mission," he said.

The secretariat said the dialogue must take care of problems by reforming institutions "and not by seeking temporary solutions that can only delay the true transformations and that adversely affect coexistence." Reforms "come before personal, private, or group interests."

In a 10-point communique aimed at summarizing and ratifying the government's commitments and the progress made in the discussion agenda, the Government Secretariat said, "It is not a matter of some winning and others losing. If we continue down this path the loser will be Mexico."

In view of the need "to walk without interruptions," the federal government deemed it necessary to ratify "its commitment with the state's political reform" and to state that "it is unable to prevent the self-exclusion of any representative political force."

In a second discussion of the topic — or third if you consider the document read last week by German Perez Fernandez del Castillo, representative of the Government Secretariat at the electoral table, the result of the joint agreement with the parties — the federal government insisted in its conviction that the reform "needs to be attained through a consensus."

The Government Secretariat said it is "confident the players will be able to reconcile differences and find a consensus in a democratic manner," given that Mexico faces "a politically challenging stage" in which "deep reflections on the steps to be taken next" are necessary.

It added, "The fundamental thing is that the state's political reform constitutes an integral plan that includes society, parties, and government because it affects the entire nation and seeks to ensure its permanence and its values in the transformation of Mexican society."

The four-paragraph document states that it is necessary to guarantee the "democratic governability" and the implicit "efficiency of public administration," as well as the commitment to strengthen political stability "as a basis for economic growth and equitable distribution of wealth to attain social justice and welfare for all."

The Government Secretariat said the process' objective must be "to get the changes to benefit everyone," because the reform "is an unavoidable necessity for a transformation with a cause and opportunity for change to strengthen the Republic."

The Government Secretariat asked everyone to be aware that the nature of every reform that has been proposed — electoral reform, public institutions, federalism, public security, justice, citizens participation, regulation of Indian communities, relations between the institutions and society, and the Federal District — "require a certain amount of time."

"If we allow time to fly by, it would be impossible for us to implement the changes. That is why it is not prudent to delay the dialogue," the secretariat added.

The government has made a commitment to the process, the secretariat said. In it, "We are not promoting the state's political transformation based on exclusive forums but based on the participation of political forces with a national representation and with forums that complement each other in a logical and enriching sequence."

All opportunities are possible, the secretariat said, "If the essence is a democratic opening to a dialogue, the true desire to commit oneself, and the determination to act accordingly."

The rhythms of the proposed reforms "cannot be subject to the internal dynamics of the various players; it is necessary to walk without interruptions; may the times be marked by the nature and depth of the matters to be debated and not by the problems that may emerge and that constantly emerge in national politics," the Government Secretariat concluded.

Mexico: Group Claims Verge of 'State of Law' Crisis

PA2702035196 Madrid EFE in Spanish
0708 GMT 24 Feb 96

[FBIS Translated Text] Mexico City, 24 Feb (EFE) — According to a Mexican Human Rights Commission report, Mexico is on the verge of a state of law crisis due to the "dismantlement" of constitutional guarantees, the subordination of justice to government objectives, and to an increasingly more authoritarian government.

The document notes the Mexican Government's indifference to the serious human rights problem and "its insistence in furthering violence and repression to resolve the acute social and political problems we are suffering."

Human Rights Commission President Mariclaire Acosta presented this week, the report on human rights violations in Mexico to the Inter-American Human Rights Commission seated in Washington.

The unofficial institution's report highlights illegal measures and police operations that restrict human rights with the excuse of combating crimes. It also reported the creation of new repressive organizations that are progressively less subject to social controls.

The commission highlighted that the worsening of the crisis has pushed millions of Mexicans to make social protests. It added that only in Mexico City more than 2,500 protests — an average of six demonstrations a day — were held by different social sectors in 1995.

The document asserted that the "fabrication" of criminals, the criminal trials swarmed with irregularities

against social leaders, the constant killings, and the approval of new laws such as the National Public Security System (Sistema Nacional de Seguridad Publica) are part of the somber situation against liberties in the country.

The report indicated the government has responded to social demands "in a visceral manner and has established an iron-fist policy to resolve social conflicts" to the point that the magnitude of the problems have overwhelmed it.

This report points out in particular to Chiapas State in southeastern Mexico, where various human rights violations have occurred. For instance, alleged followers of the Zapatist National Liberation Army have been arrested, subjected to irregular trials, and harassed by individuals who are allegedly linked to the guerrilla.

Regarding Guerrero State in southern Mexico, this report denounces the permanent killing of farmers and members of opposition parties "and the constant abuse by police and security forces, particularly the State Judicial Police, the Motorized Police, and the Army, that are constantly intimidating people in the rural areas."

This report indicates: "Violence is an everyday affair and a lifestyle in Guerrero. The government's response to this violence — which has officially been recognized as a problem — has always been more violence."

According to the leftist Party of the Democratic Revolution (PRD), 76 PRD members have been killed in Guerrero State since April 1993 when current Governor Ruben Figueroa took office.

Fifty-three of these victims have been killed during President Ernesto Zedillo's administration, that is, since 1 December 1994.

The PRD Human Rights Secretariat explained that this figure only refers to the killings of PRD members and supporters, and it does not include the other massacres committed by police forces against the people for other reasons, like the massacre of nine farmers last February 18.

This report states: "Political opposition activities constitute a serious crime in Guerrero and it seems that harassing these activities is an official policy," adding that there prevails a true "terror empire in which no voice is heard other than that of Governor Figueroa."

"Justice is practically nonexistent in Guerrero State." In addition, "it has been confirmed that membership in an opposition social organization or political party is extremely dangerous" because "there is no state of law, but a state of terror there."

In Mexico, it says, a system is being configured with "an increasingly repressive and authoritarian executive branch with a reduced judicial control, a larger subordination of the administration of justice to state reasons, the constant nonfulfillment of Mexico's international obligations, and the larger political use of the Armed Forces and public security forces."

Mexico: PRI Wins 14 Legislative Seats in Quintana Roo

PA0203012696 Mexico City LA JORNADA
in Spanish 26 Feb 96 p 11

[Report by journalists Jorge Cruz Escalante and David Sosa]

[FBIS Translated Text] Chetumal, Quintana Roo, 25 Feb — The Institutional Revolutionary Party (PRI) has won the eight municipal presidencies in Quintana Roo State, after tallying almost 100 percent of the 635 statewide ballot boxes, according to the State Electoral Commission (CEE) data.

On Sunday, the CEE approved the list of simple majority and plurinominal deputies. In all, the PRI will hold 14 seats on the eighth local legislature, while the PAN [National Action Party] will get eight, and the PRD [Party of the Democratic Revolution] three.

In the Benito Juarez Municipality of the city of Cancun, the PRI obtained 20,570 votes, the PAN received 17,856, and the PRD only 5,248 votes. At the Othon P. Blanco Municipality, where Chetumal is located, the mayor-elect won with over 23,000 votes, twice the votes obtained by the PRD representative.

The votes widely favored the PRI in the remaining six municipalities of the state — Lazaro Cardenas, Isla Mujeres, Felipe Carrillo Puerto, Jose Maria Morelos, and Solidaridad — except for Cozumel, where the PRI candidate edged out his PAN counterpart by fewer than 200 votes.

The PAN has insisted on recounting the votes in Cozumel where irregularities, which gave the PRI a small margin, were allegedly observed. Members of the PAN's National Executive Committee have been sent to the island to instruct their Cozumel copartisans on civil disobedience measures that will be taken to protest the "electoral fraud."

Although the CEE announced a few days ago that absenteeism had reached 52 percent, the Civic Alliance said it actually topped 70 percent.

Guatemala

Guatemala: Arzu Rejects Criticism of Military

PA0503124596 Guatemala City Teleonce Television
in Spanish 0100 GMT 29 Feb 96

[From the "Telepress" newscast]

[FBIS Translated Text] In reaction to criticism from abroad that the military power is increasingly dominating civilian rule, President Alvaro Arzu stated that the perception is mistaken.

[Begin recording] [Arzu] They are absolutely mistaken. They are totally, absolutely, and radically wrong.

[Unidentified reporter] How can this be proven?

[Arzu] Well, with the facts. We are proving this on a daily basis.

[Reporter] Do you rule out...?

[Arzu, interrupting] Absolutely. Those are bad habits from the past. The information is probably not reported at the speed that events unfold in Guatemala.

[Reporter] Will there be any type of campaign to clear things up with the European states?

[Arzu] No, we will work based on the facts. We no longer care to explain anything. We want to show the 9 million Guatemalans that we can push ahead instead of dwelling on the past, which we all want to forget. It is as simple as that. We will not bother to explain, state, or deny anything. For what reason? It is a waste of time and only distracts our attention. It is quite tiresome. I believe that the Guatemalan people are tired of all the bickering about the past. They are fed up. The Guatemalan people want action. They want accomplishments, and that is what we will, and are, giving them.

[Reporter] Regarding the agreements [words indistinct].

[Arzu] They are significant. I understand that they total \$25 million in aid and cooperation. I think today's accomplishments are very important. [end recording]

Guatemala: URNG Appoints New Negotiating Team Member

PA2502144796 Guatemala City SIGLO VEINTIUNO
in Spanish 22 Feb 96 p 4

[FBIS Translated Text] Pedro Palma Lau, who is also known as Commander Pancho, will be the new member of the team of the Guatemalan National Revolutionary Unity (URNG) that will meet today in Mexico with the Guatemalan Government to resume the peace talks.

The new member of the rebels' leadership explained that his being part of the team is a routine move, which

does not mean that there is a division within the URNG ranks.

Pancho, 44, who joined the Revolutionary Organization of the People in Arms (ORPA) in 1973, was known as commander of the ORPA's Central Front, which operates in Escuintla, Sacatepequez, and Chimaltenango.

The Directorate assigned me to the talks; tomorrow I will occupy a new post, he said, hinting that the changes that have taken place within the Army have had no bearing on the guerrilla command's decision.

Palma was confident that the talks will progress this time around and will come out of the standstill they fell into the last few months. *As far as we are concerned, we have the political attitude and resolve to conclude the talks in a meaningful manner, he pointed out.*

We have the willingness, he went on, to conclude the socioeconomic and agrarian aspects, taking advantage of and valuing what was already discussed with the previous Copaz [Peace Commission] and with what the new one could contribute. He added that the Army's goodwill is expected at the negotiating table, *because it is one of the sectors the war has adversely affected the most and because it has already made its share of sacrifices.*

We hope, Pancho said, to have meaningful negotiations, including changes that would translate into benefits for Guatemalan society; we want better salaries and a better standard of living, but, above all, we want freedom and democracy for all.

As for the appointment of Gustavo Porras to the leadership of the government commission, Commander Pachó affirmed that it is a positive move, because Porras has a better understanding of the causes that triggered the conflict.

My participation in the table of negotiations, he explained, is part of a strategy that was designed not by a single individual, but by all the organizations that make up the URNG. Contributing with my personal efforts is what I will do.

Who is Palma Lau?

The new guerrilla negotiator, Pedro Palma Lau, was born in Agua Blanca, Jutiapa. In 1973, when he was 21 years old, he joined the works Rodrigo Asturias (Gaspar Ilom) was starting to do in western Guatemala.

Palma's first job was in the urban fronts. *I worked in the city in organizational and political activities in the workers, students, and arts sectors. From there, I went to the countryside.*

His brother, Edgar Palma Lau, died in combat in a guerrilla redoubt in the 2d Zone.

In 1979, Pancho joined the works of Javier Tambriz, who founded the column that today bears his name, and devoted himself to form guerrilla cells in Zunil, the central tableau, and Santiago Atitlan.

Following a combat in 1980, Tambriz was gunned down. He was replaced by the also late Efraim Bamaca, also known as Commander Everardo, and Palma became one of his operations chiefs. He was later appointed to the ORPA's Central Front Directorate and then went to Mexico. Commander Peter and Commander Santiago replaced him as operations chief.

Guatemala: President, URNG Hold 'Historical' Meeting

PA2902162896 Mexico City NOTIMEX in Spanish 2155 GMT 26 Feb 96

[FBIS Translated Text] Mexico City, 26 Feb (NOTIMEX) — Guatemalan President Alvaro Arzu held a "historical" meeting yesterday with the Guatemalan National Revolutionary Unity (URNG) Command, a spokesman for the URNG has told NOTIMEX in Mexico City.

The meeting took place in Mexico City on 25 February, the first time a Guatemalan president and the guerrillas held a meeting since the beginning of the conflict in the 1970's, but this meeting is Arzu's second with the guerrillas in past months.

Arzu met with the URNG Command in El Salvador on 7 January just before winning the second round of elections, beginning a new stage in the peace negotiations with the guerrillas.

The meeting with Arzu "guarantees the success of the (peace) process and fruitful results in the short term," said Rolando Moran, one of the four URNG commanders.

According to the news agency CERIGUA, Moran has said this is a "step forward in the negotiations, the process of rapprochement, and the coexistence of both sides in the efforts to end the armed conflict and to sign a peace agreement."

The meeting between Arzu and the URNG was held during Arzu's official four-day visit to Mexico that will end on 27 February.

Moran called the meeting with Arzu "a historical stage" that strengthened mutual trust on both sides. They put an end to "the traditional perception of seeing each other as adversaries."

The meeting was held a few hours after the conclusion of the first meeting of the URNG and government's delegations with the UN mediator in Mexico City. The agenda and schedule of future meetings was agreed on.

The internal armed conflict in Guatemala is the only one remaining in Central America. It has resulted in the deaths of approximately 175,000 people, thousands of refugees, and losses worth millions to the Guatemalan economy.

Guatemala: President Willing To Meet URNG Again

PA0403183696 Guatemala City PRENSA LIBRE in Spanish 28 Feb 96 p 4

[FBIS Translated Text] After arriving in the country from Mexico last night, President Alvaro Arzu Irigoyen stated his willingness to meet once again with the commanders of the Guatemalan National Revolutionary Unity, URNG, and with the groups wishing to contribute to the acceleration of the peace negotiations.

The president has made an official visit of that nation, where he has held an informal conversation with the URNG leaders and has met with representatives of 149 refugee camps located in the Mexican states of Chiapas, Campeche, and Quintana Roo.

Interviewed at the Protocol Room of the Guatemalan Air Force, Arzu has described as *positive and constructive* the meeting held in the Mexican capital with the rebel leaders and has said they have expressed their desire to reach an agreement on the socioeconomic and agrarian issues as soon as possible and to join the development process and implementation of the previously signed agreements.

Likewise, Arzu has said they did not discuss the specific points of these topics and has said they only went over the consensus reached during the negotiation held on 22 and 23 February.

We are certain that seriousness and patriotism exist in both the government and the URNG to reach a peace agreement as soon as possible, and we will attain it even though we do not know how long it will take us. We are exerting our entire effort and putting forth dedication, he has said.

Guerrillas Recognize Government's Commitment

During his meeting with the rebel leaders, according to Arzu Irigoyen, the URNG General Command recognized that it saw for the first time a serious and consistent attitude on the government's part in reaching specific agreements.

In this regard, the president has said the parties have agreed to note that the signing of the peace agreements is necessary for the country's development and for receiving the international community's support for the social growth process Guatemala needs so much.

We are willing to hold any type of conversation with all sectors, including the guerrillas, refugees, and Communities of Resistant People because this will allow us to inject the spirit, enthusiasm, and optimism required for Guatemalans to live in peace, he has said.

Meeting Is Not Part of Negotiation

Gustavo Porras Castejon, secretary of the government's Peace Commission, has said the meeting held between the president and the URNG leadership is not part of the negotiation process but is only aimed at achieving a greater awareness of the peace talks.

The official has said, however, he hopes these types of meetings will strengthen the talks that will be resumed under the supervision of the United Nations during the final days of March.

Meanwhile, we will study the proposals we will submit to the rebels that will seek the achievement of firm agreements that can allow us to implement short- and medium-term solutions, he added.

Honduras

Honduras: Article Cites CODEH Head on 'Death Squads'

PA2702145696 San Pedro Sula TIEMPO in Spanish
21 Feb 96 p 3

[Article by Maria Edith Diaz]

[FBIS Translated Text] Tegucigalpa — Ramon Custodio, president of the Honduran Human Rights Committee (CODEH), said yesterday that death squads were still operating in the country. He added that the government "tolerated" the squads, because no investigations have been made on the assassinations and extrajudicial executions.

Custodio made the statement at a news conference on the country's human rights situation for the past year.

Approximately 23 criminals were "extrajudicially" executed during the administration of Rafael Leonardo Callejas, while in only two years of Roberto Reina's administration, 79 people were executed.

"Present authorities were informed about the possibility of death squads operating under the protection of the Seventh Regional Police Command (Core 7). Captain Marco Tulio Regalado, founding member of the 3-16 [Death Squad 3-16], heads Core-7," Custodio noted.

The military command, as well as the three government branches, rejected CODEH's request to open an investigation, said Custodio. However, CODEH will carry out an investigation and take legal actions against that apparatus of power with "impunity to kill."

In addition to this death squad, which reportedly operates from the Core-7, there is another clandestine one that is composed of Armed Forces personnel with headquarters in Comayagua, where torture is carried out and attacks are planned.

According to Custodio, cases of negligence in the investigations, include, among others, assassinations of ecologist Jeaneth Kawa, Major Juan Pablo Rivas Calderon, and Pedro Espinoza Sorto, former member of the security corps of National Human Rights Commissioner Leo Valadares.

Custodio said there were other important assassinations; for example, four former sergeants from the Military Intelligence and two agents, who were informers, were murdered to silence them from speaking. Another case involved Hector Manuel Espinoza Rosales or Espinoza Pineda or Espinoza Funes, a former cinchonero ["Cinchonero" People's Liberation Front], whom the police believed was one of the assassins of General Gustavo Alvarez Martinez.

Furthermore, there are missing people who have had nothing to do with implementing national security doctrines, as was the case in the past decade. Ten Nicaraguans, who were employees of the Olancho Department and also Miguel Antonio Urbina Ortega, a son of the former agent of the Department of National Investigation (DIN), are unaccounted for. Urbina was taken into custody by Core-7 agents.

Honduras: Foreign Minister Says No Deployment at Border

PA2602185096 Mexico City NOTIMEX in Spanish
2011 GMT 21 Feb 96

[FBIS Translated Text] Tegucigalpa, 21 Feb (NOTIMEX) — Honduran Foreign Minister Delmer Urbizo Panting today rejected reports by the Salvadoran media that the Honduran Government had deployed troops to the Salvadoran border.

"There is no such military deployment in that area; this is far from the truth," Panting told local reporters who asked questions about reports that Honduran Army units were transferred to the Naguaterique area.

The Hague International Court of Justice ceded that disputed border area to Honduras in September 1992. The Hague delimited the border between both countries,

ending a territorial dispute that lasted more than a century.

Approximately 12,000 Salvadorans were left in that area. They are asking the Honduran Government to guarantee their property rights as The Hague had ruled.

"The Salvadoran media have made this up," Urbizo Panting said regarding reports that a military contingent was transferred to the Salvadoran border in Morazan Department, east of El Salvador.

Before leaving for his tour of Taiwan and Hong Kong, Urbizo Panting said the only military troops were deployed in Marcala, La Paz Department, approximately 100 km from the Naguaterique area.

Urbizo Panting began his tour of the two Asian countries on 21 February. He will be promoting investments in Honduras and making arrangements for President Carlos Roberto Reina's visit to Taipei this year.

Urbizo Panting is accompanied by his economic adviser, Moises Starkman and Adolfo Facusse and Jose Abraham Bennaton, presidents of the Honduran Council for Private Enterprise and the National Association of Industrialists, respectively.

Honduras: Military Head Comments on 'Financial Crisis'

PA2902023996 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 27 Feb 96 p 3A

[FBIS Translated Text] Tegucigalpa — The Honduran military men have assured that the Army is facing an unprecedented financial crisis, and warned about the danger of a possible border conflict with El Salvador.

"We are experiencing a crisis as never before," said General Mario Raul Hung Pacheco, commander in chief of the Armed Forces.

The top Honduran military leader underscored the salary problems facing the officers, some of whom left the Army, because of a lack of funds to offer attractive salaries to recruits.

Hung Pacheco said that "subordinate officers are feeling the effects of the galloping inflation that prevails in the country." A cadet, after earning the rank of sublieutenant and a degree after four years in an academy, is earning only 1,800 lempiras (\$171), he explained.

"A salary of 1,800 lempiras is very little although I earned 300 lempiras when I graduated," Hung Pacheco pointed out as to console himself.

The officer assured that the current defense budget of 330 million lempiras (\$31.4 million) is insufficient to cover the minimum salary of the recruits.

The Armed Forces chief said that the issue of those missing for political reasons during the past decade must be settled in order to achieve social harmony in the country.

General Hung Pacheco noted that in the same way that punishment is demanded for soldiers who violated human rights during the past decade one could also demand punishment for those who activated the left wing, but he warned about the danger of maintaining this vengeful attitude.

"If we stay on this path we will maintain a vendetta between right wing and left wing, between those who defended a state of law and democracy and those who tried to seize power through arms," he added.

The general pointed out that he will be the last chief of the Armed Forces, "but never the defense minister," to voice his clear rejection to a proposal to eliminate the post that was created in 1957.

Nicaragua

Nicaragua: Chamorro on Respect for People's Will at Polls

PA0403002996 Managua Radio Nicaragua Network in Spanish 1657 GMT 25 Feb 96

[Speech by President Violeta Chamorro during the sixth anniversary celebrations of the restoration of democracy at the Pope John Paul II Square in Managua — live relay]

[FBIS Translated Excerpt] [passage omitted] Nicaraguan friends, I believe the electoral process this year, 1996, is very significant in the history of Nicaragua. I want to call on all of you to strengthen an atmosphere of peace and harmony during this process. We must show the world our civic spirit and love for democracy and its institutions.

The elections must not serve to divide the Nicaraguan family but to reaffirm our commitment to democracy. We must show our determination to faithfully respect the will freely expressed at the polls.

The elections must be a civic day of celebration where there will be no winners or losers. I have invited international observers to accompany us in this civic, transparent electoral process, in which Nicaragua will be the great winner, because democracy, peace, and national unity will be strengthened.

Heeding my call, the international community has understood the importance of supporting our elections. They announced this week an additional contribution of

\$11.5 million, which will reduce by half the needs of the Supreme Electoral Tribunal. [passage omitted]

Nicaragua: Commander on Lack of Money Laundering Evidence

PA0303182796 Managua LA PRENSA in Spanish
26 Feb 96 p 3

[FBIS Translated Text] After conducting a study on the various channels used for money laundering activities, Commander Francisco Bautista, chief of the Economic Investigations Directorate (DIE) of the National Police, has said "there is no sufficient evidence to corroborate money laundering" in Nicaragua.

Money laundering consists of covering up capital from illegal actions involving the sale of dollars, prostitution, fraud, racketeering, contraband, and tax evasion, among other domestic and international crimes. Charges have been made in Nicaragua that some of the goods being sold might be the result of money laundering.

Regarding this sort of crime, there is a series of mechanisms, one being the creation of dummy companies created to justify the source of the money as well as to register more operations than the usual number.

Commander Bautista has said it is important to remember that 50 percent of illegal money at the international level comes from drugs, prostitution, and tax evasions.

Concerning tax evasions and contraband, Bautista has said the country's borders as of 1990 (when the change from a military regime to a regime of economic opening took place) became somewhat vulnerable to the substantial flow of smuggled goods, the traffic of vehicles, and even drug trafficking. "This was due to the significant reduction of the police administrative apparatus as well as the economic opening per se among the Central American nations with free trade," Bautista has said.

"In the campaign against contraband, the police along with the Finance Ministry are struggling to protect the formal trade sector and to eradicate the other evils threatening the domestic borders," he added.

Most of the contraband, Bautista has said, concentrates in the area of Guasale, where 60 percent of the illegal activities take place. "Not only does contrabanding take place throughout the border post but throughout the entire border sector as well, a point which makes it difficult to control meter by meter."

The other 30 percent of the contraband enters through the border town of Penas Blancas, and the remainder enters through Las Manos and Rio San Juan.

Thus far this year, the Economic Police [policia economica] has seized along the two borders 938 packages

of goods, including food, garments, and shoes, estimated at approximately \$60,000. In addition, it has recovered six stolen vehicles and has seized 15 weapons that were going to be brought into El Salvador illegally and which the Salvadorans had bought at the Eastern Market.

In recent operations, the DIE arrested the members of a mafia that steals vehicles using the road to Nicaragua.

Bautista added that "money laundering for both Nicaragua and the police constitutes a new phenomenon that requires a great amount of specialization, training, and economic resources, and it requires clear legislation.

Law 177 on drugs is being reviewed in the country. Bautista has said "this law includes a chapter on money laundering that mentions the creation of a subcommission constituted by the Banking Superintendency, the Government Ministry, and the police, among other organizations."

"Within the same chapter, it is also noted that the banks should report deposits of more than \$10,000 so as to distinguish illegal activities from sound ones, the police officer has said.

Saying that in Nicaragua, we are "wet behind the ears" in matters of uncovering money laundering activities, Bautista has reiterated that "we are a vulnerable country, and this point is dangerous, because money launderers can buy power structures, political and social organizations, and so on."

Panama

Panama: Justice Rejects U.S. Statements on Corruption

PA0403150496 Panama City LA PRENSA in Spanish
4 Mar 96 p 2

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Supreme Court Justice Jose Manuel Faundes has asserted that the Judicial Branch is comprised of professionals with a high degree of honesty and integrity. Thus, he rejected statements made by the U.S. administration that there is a great deal of corruption at the upper echelons of Panamanian justice.

A report from the U.S. State Department asserted last week, without giving full details, that Panama has a serious corruption problem, even at the level of the Judicial Branch.

However, Justice Faundes maintained: "I can state, as a representative of the Supreme Court — that is the highest level of justice in the country — that this organization comprises thoroughly experienced and very

honest legal professionals and that there is absolutely no corruption in it."

The report issued by the Bill Clinton's administration asserted that Panama had failed when it did not prosecute important drug trafficking figures, did not tighten its control over drug money laundering activities, and did not move forward with its new financial analysis unit.

Faundes asserted that contrary to what the State Department has stated, the Judicial Branch "has dignity, honesty, good judgment, and probity."

"We can say the same for the lower courts because the Supreme Court, as the primary organization, keeps abreast on the work done by those courts and the conduct of justice representatives," he observed.

Faundes said he was surprised by the U.S. Government's "statements, which are not true."

"I do not know where those statements came from. It could be people who do not have any information on the good work done by justice in Panama. I also do not know if the campaign comes from the United States because the Embassy here in Panama, has spoken in favor of justice in this country," he underscored.

The justice emphasized that "the statements are neither fair nor true and I assume responsibility for my words."

Panama: Editorial Views U.S. Policies on Trade

PA0203044796 Panama City EL UNIVERSAL DE PANAMA in Spanish 25 Feb 96 p 10A

[Editorial: "Policies of Convenience"]

[FBIS Translated Text] While capitalist globalization seems in certain aspects to be fulfilling the anarchist ideal of the disappearance of governments, frontiers, and nationalisms, with the opening of customs and other kinds of openings to products through the mechanisms of free competition, the United States replaces the WTO to defend what it regards its national sovereignty with regard to a ruling favorable to Venezuela's complaint that the North American country is discriminating against imported gasoline.

The U.S. Government's stance of appealing the decision regarding the gasoline import system, at a time when clear symptoms exist of the opposition to free trade within that country, is allegedly in defense of its environmental policies, although the WTO feels that the conditions imposed by the United States on gasoline are stricter on foreign products than on local refineries.

Panama too has been hurt by this special U.S. environmental policy, mostly regarding tuna, which was made

subject to the ruling of a California judge who barred from the local market the tuna fished in the seas from Mexico to Peru, allegedly to defend the dolphins that live among the fish.

Our globalization planners must take into consideration those interpretations that respond to policies of convenience so that we can meet requirements in such a way that the global process does not entail the impoverishment or disappearance of a sector of production and in order to achieve an adequate balance in the productive sector's structural transfers that allow economic transformation without having to pay a destabilizing and serious social cost.

Panama: Agreement on 'Solidarity' With Cuba Signed

PA0403153496 Panama City EL PANAMA AMERICA in Spanish 27 Feb 96 p A5

[Report by Ruth Rodriguez]

[FBIS Translated Text] Panama and Cuba have signed an inter-assembly agreement stating that solidarity constitutes an effective tool for the development of Latin American integration.

The document was signed as part of a visit a delegation of Panamanian lawmakers, headed by Foreign Affairs Committee Chairman Oyden Ortega Duran, made to Cuba last week. The agreements stated it is necessary to strengthen relations in political, economic, scientific, technical, social, and cultural areas.

Comprising the Panamanian delegation were lawmakers Bolivar Pariente, Bernabe Perez, Cesar Pardo, and Enrique Riley Puga. Among other aspects, the Cuban and Panamanian lawmakers endorsed the creation of a joint, inter-assembly commission between the two countries to promote the coordination of fundamental legislation to fight the trafficking of psychotropic substances, to preserve the environment, and to vitalize the regional integration process. In addition, the document called on the Latin American Parliament, the Interparliamentary Union, as well as the U.S. Senate and Congress to cease the coercive measures of the economic, commercial, and financial blockade against the Cuban people.

Panama: Accord With Colombia To Review Trade Legislation

PA0403034496 Panama City EL UNIVERSAL DE PANAMA in Spanish 3 Mar 96 p 1

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] The Seventh Meeting of the Colombian-Panamanian Border Commission [Comision

de Vencindad Colombo-Panamena] concluded with an urgent review of Colombian legislation procedures to do with foreign trade and the entry of merchandise into Colombia from Panama.

Jorge Epifanio, subcommissioner for Foreign Trade and Economic Development stated that at the meeting, it was agreed to create an ad-hoc work group, which will meet in Santa Fe de Bogota on 11 March, to seek solutions to the procedures on the problem of Colombian legislation for the entry of Panamanian merchandise to Colombia.

Colombian legislation establishes that all merchandise from Panama must be inspected previously before allowing it to enter Colombia.

Epifanio, who is also assistant executive director of the Panamanian Foreign Trade Institute (IPCE), said that the Panamanian commissioners requested that Panama be treated the same way as other countries.

It was agreed at the meeting that Panama and Colombia are to negotiate new products in a medium-term agreement through the presentation of a list on 1 April. Negotiations are to begin on 2 May.

In turn, Commission President Carlos Clement, said that at the Seventh Meeting of the Colombian-Panamanian Border Commission, important agreements were made, but agreements also remained pending, such as border passports used by some Colombians, which need to be regulated.

Panama: President Delivers Speech at Assembly Opening

PA0203032696 Panama City Radio and Television Networks in Spanish 1552 GMT 1 Mar 96

[Address by President Ernesto Perez Balladares at the opening of the second period of legislative sessions at the National Legislative Assembly Palace in Panama City — live relay]

[FBIS Translated Text] Your Excellency Carlos Alvarado, president of the National Legislative Assembly; Your Excellency Arturo Hoyos, president of the honorable Supreme Court of Justice; your excellencies first and second vice presidents of the Republic; your excellencies messrs. ministers and vice ministers; honorable legislators; honorable members of the diplomatic corps; national authorities; special guests; ladies and gentlemen:

I come here before the plenum of the honorable National Legislative Assembly to share with its members the beginning of this new legislative period. I bring its members a message of recognition for their continuous

and virtually uninterrupted effort since beginning their task as legislators.

The need to outfit the country with a new, legal infrastructure to ease economic growth has required repeated summons to special sessions that have always accomplished its goals.

The laws approved by this National Assembly have allowed us to portray Panama as a country that is safe for investment, where intellectual property and free competition are respected, and where capital investments receive incentives without disregard to the rights of workers.

I must insist that the draft bills the executive branch has submitted to this Legislative Assembly all have a common denominator, the same thread: the modernization of the country. Consequently, these are not isolated measures that can be ignored without affecting the overall result sought; that is why necessary steps are also taken while working on legislation to give the perception of a different country, a country that is transforming itself and leaving behind past flaws.

Panamanians and foreigners alike today are certain there is no longer room for corruption, a practice that has ceased being tolerated in government contracts. Public bids are no longer shrouded in scandal and have become clear acts that are open to the scrutiny of the entire community. Likewise, significant steps have been taken to end excessive red tape, which is also a source of constant corruption, taxpayers need to work through. Numerous institutions are working to facilitate compliance with requirements and to do away with those believed to be unnecessary.

I am convinced the laws you honorable legislators have approved become useless instruments unless corruption is not fought and public administration is made less bureaucratic. Of course, there are still important legislative proposals ahead; some of them are aimed at complementing those already approved on economic matters, guaranteeing citizens a faster response by government institutions, and removing obstacles to the free exercise of citizens' rights.

In the coming days, the consultations for two key bills are scheduled to begin: the new Police Law and the Basic Law of the Panama Canal Authority. These two laws deal with fundamental institutions, and all of the citizens have a marked interest in both laws. Because of the various roles played by the Public Force in the past and the need to tackle the crime problem efficiently and determinedly, the Police Law must be amply consulted so that no one will have any doubt regarding the nature

of this institution's responsibilities and the scope of its actions.

The Public Force should never be involved in politics again, and neither should it be an institution with prerogatives different from those established by the Constitution and the law. On the contrary, this institution's compliance with the judicial order and its commitment to democracy should win it the population's appreciation in the same way that the courage and heroism of its members should inspire the admiration and solidarity of their fellow citizens. The Public Force should be, in one word, a respectful and respected institution.

Concerning the Basic Law of the Panama Canal Authority, I have asked the people who are drafting it to hold the first consultation with the Panama Canal workers. It is normal that as the U.S. administration draws to an end, these workers become apprehensive. Although the constitutional regulations, already in force, guarantee the same conditions, the consultation should convey the workers the security that they will not be harmed in any manner. In addition, the consultation should convey the entire nation the certainty that well into the 21st century, the Panama Canal will remain open, under the same conditions of security and efficiency, and that it

will always be safe from the changes of the local political situation. This is my commitment. I have fulfilled it and I would like to invite all of the Panamanians to make it their commitment.

I am aware that for a long time, these two bills will monopolize the attention of the honorable legislators and the entire nation. However, this will not take our attention away from our commitment with the country's destitute sectors and the need to meet their basic needs. To this effect, the government's action should be constant and relentless, always bearing in mind that the individual hopes of families and the satisfaction of their most pressing needs have precedence over political discussions.

Honorable Legislators: the ministers and the directors of the autonomous organizations will submit to your consideration the annual reports of their respective institutions. In those reports, you will be able to corroborate the status of the administration and the way in which the national budget is being implemented. On this occasion, I wanted to praise you for the productive work you have done and encourage you to follow up on all the work still pending. Many thanks. [applause]

Argentina

Argentina: Legislator on U.S. Efforts for Patent Law

PY2902181196 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2132 GMT 28 Feb 96

[FBIS Translated Text] Buenos Aires, 28 Feb (NA) — Humberto Roggero, president of the Chamber of Deputies Industry Committee, today said that U.S. pharmaceutical laboratories pretend "to blackmail" [extor-sionar] Argentina into paying \$540 million for each year the Patent Law is delayed from entering into effect.

The Justicialist Party legislator headed a delegation of Argentine deputies that engaged in an intense debate with U.S. officials and legislators in Washington in an attempt to explain Argentina's position on the issue of patents.

Laboratories, the U.S. Government, and the Argentine Economy Ministry want the Patent Law to become effective immediately. The bill approved by Congress, however, contemplates a five-year transition period.

The United States says that U.S. laboratories will lose \$540 million per year during this period and demand compensation from Argentina.

"They want Argentina to pay \$540 million to the U.S. pharmaceutical industry. There is no reason for this, it is not according to anything, it is blackmail from these industrial sectors," Roggero said.

The Cordoba legislator and the other deputies made clear that losses really do not exceed \$70 million per year, adding that the Argentine law is in accordance with GATT dispositions.

The Industry Committee chairman said that "there are no reasons to give in or change the Argentine law. On the contrary, we must maintain and implement it."

Roggero also said that "we are in no condition to pay something we should not, there is no reason to do this, and above all, there are no legal grounds obligating Argentina to pay this money."

The Argentine delegation explained the technical aspects of the Patent Law to the U.S. representatives and sustained a hard exchange of opinions with advisers of U.S. Trade Representative Mickey Kantor.

The Argentine Government and Justicialist legislators will try to agree on a new decree regulating the Patent Law next week.

The group of deputies who visited Washington returned today with an important trump in their hands: the recognition by U.S. representatives and senators that the Argentine Patent Law is in accordance with the GATT.

Using this argument they will try to convince the government that current Patent Law regulations strictly abide by all international agreements.

If the group is unable to convince Cabinet Chief Eduardo Bauza with their argument they will take an even harsher position. According to Roggero, "we always have the possibility of rejecting the executive branch's partial veto."

Argentina: Menem 'Confident' Over UK Fishing Accord

PY0403164796 Buenos Aires TELAM in Spanish
1637 GMT 3 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 3 Mar (TELAM) — President Carlos Menem today felt confident that Argentina and Britain will finally settle their differences over fishing in the South Atlantic.

The head of state said: "Just as we reached an agreement on oil prospecting and exploitation, we are now negotiating this new fishing agreement. We can rely on (Foreign Minister) Guido Di Tella's prudence to make headway" with the negotiations.

During a news conference at "Los Amigos" inn at Anillaco — his birthplace — Menem challenged reports that Di Tella may resign and praised the foreign minister for his "prudence" in negotiations with the United Kingdom. [passage omitted]

Argentina: Fishing Fee Plan Called 'Dangerous Episode'

PY0503032496 Buenos Aires CLARIN in Spanish
3 Mar 96 p 4, 5

[Report by Nestor Restivo]

[FBIS Translated Text] Vice Foreign Minister Fernando Petrella has characterized the South Georgia Government plan to charge foreign ships, including Argentine ships, a fee for fishing in the zone as a "dangerous episode." Petrella said that the government will present an official protest to Great Britain. In fact, kelpers are already charging a fee as of 1 March and the operation is supported by an unusual military operation, as this newspaper exclusively reported yesterday.

CLARIN anticipated the problem 10 days ago, but the Foreign Ministry, up until yesterday, tried not to stir the delicate matter more than necessary. Petrella said that there must be "the greatest and most absolute certainty that Argentine ships will not pay the British for fishing in waters that are not under British jurisdiction." The information that is being handled by private companies and some officials — as reported by CLARIN — is that

at least one Argentine trawler paid the fee under protest when it was confronted by a corvette; that other ships were ready to operate in the zone but abstained to do so; and that foreign ships also agreed to pay, announcing that they would complain at world organizations. The fee paid by the Argentine ship was the first one ever in that area.

There is an imaginary line around the Antarctic established by the Convention for the Preservation of Antarctic Live Marine Resources known as Camelar. This convention, which includes Argentina, the United Kingdom, and 21 other nations as signatories, has established a catch schedule and a catch maximum to prevent depredation. Camelar also established other forms of controls and promotes the exchange of information, but it does not authorize the charging of fees, except around two islands south of the Indian Ocean, which are under undisputed French sovereignty.

South Georgia (as well as the Sandwich Islands, but not the Malvinas Islands) are inside the line set by Camelar. The 200 miles South Georgia claims as an exclusive zone since 1993 goes beyond that line by only a few miles. The fishing of black hake opened on 1 March. This species has great demand in Japan and Europe and is fished within the area encircled by Camelar, specifically in the subarea 48.3 [reference unknown].

Petrella told the AP news agency that the government will present a note of protest to London. The vice foreign minister said that Argentina does not recognize the 200-mile exclusive zone claimed by South Georgia (an area that all coastal countries are authorized to claim) and that it "will not pay the United Kingdom in the zone." Camelar will have a meeting in Hobart, Australia, in October, where Argentina will also present a complain. The same attitude will adopt the United States because a U.S. ship also had to pay, according to fishing industry sources.

Camelar authorized a maximum catch of 4,000 tonnes of black hake during the season that started on 1 March and will end on 31 August.

Concern

On 1 March there was an urgent high-level meeting at the offices of Cabinet Chief Eduardo Bauza to discuss the matter. The government tried to downplay the problem because of its delicacy and because there are other things that interest officials more, such as the negotiation for oil exploration in the Malvinas Islands since there will be a bidding for oil exploitation in the area this year and the issue of President Carlos Menem's trip to London. All this within the framework of the policy of approach to the United Kingdom in order

to discuss, some day, the issue of sovereignty that is banned from all talks today.

Some harsh words were exchanged between Foreign Ministry and Economy Ministry representatives. Foreign Minister Guido Di Tella observed an unusual hardness in British counterpart Michael Rifkind when he visited him in London. The corvettes patrolling the waters around the South Georgia as of 1 March confirm this attitude.

In Malvinas

Another item discussed at the meeting was fishing around the Malvinas Islands. A bilateral Argentine-British fishing commission has existed since 1991. This commission continued analyzing the situation in Buenos Aires during the week but the talks collapsed due to the inflexible British position on South Georgia and because London claims the right to be considered a South Atlantic coastal nation based on its presence in the islands. Argentina, which already has a scientific agreement with the EU, where the region's hake and squid is in great demand, also wants to agree on ways to prevent depredation in what is known as mile 201. This is the area just outside the 200-mile limit where year after year an abundance of fishing ships work on the world fishing reserves, which is renewable only with controls. London this week proposed global negotiations on the agreements as a country that is different due to its supposed status of a coastal nation. Argentina only wants to negotiate scientific preservation agreements in the areas between parallels 45 and 60.

There are 4,000 Malvinas inhabitants who earn a living by fishing — according to British statistics, less than 300 people are dedicated to agriculture — but who are at a disadvantage because of technical inferiority and because the *Illex* and *Loligo* squids, the main species in the area, move from Argentina's coastal waters toward the islands, which means that Malvinas fishing depends a lot on what gets there.

Argentina: Protest Issued to UK Over Fishing Fee
PY0503033896 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2352 GMT 4 Mar 96

[FBIS Translated Text] Buenos Aires, 4 Mar (NA) — It was officially reported tonight that the Argentine Government presented a formal protest to the United Kingdom, through the Foreign Ministry, for this country's "attempt to enforce a unilateral legislation, assuming jurisdiction in fishing matters over a zone 200 miles around South Georgia and South Sandwich Islands."

It was also announced that a report on the case will be presented at the Convention for the Preservation

of Antarctic Live Marine Resources, "which includes as members, among other states, to Argentina and the United Kingdom."

The formal protest is a consequence of the incident on 1 March near the South Georgia island when a British corvette persecuted and forced an Argentine flagged trawler to pay \$110,000 for fishing rights in the zone.

The Foreign Ministry official communique says that "Argentina submitted a formal protest for the British attempt to enforce a unilateral legislation, assuming jurisdiction in fishing matters over a zone 200 miles around the South Georgia and South Sandwich Islands."

"This is the fourth Argentine protest note on the matter since the United Kingdom adopted this unilateral legislation in May 1993. So far, in spite of their assumptions, our country's trawlers had not been bothered in that zone, the sovereignty of which, as well as that of the islands themselves, are claimed by Argentina," the communique says.

The document also says that "once the Foreign Ministry has compiled all the information requested by the Defense Ministry, the Navy, the Fishing Secretariat, and the Chamber of Fishing Shipyards, it will present an informative note with all the details to the Convention for the Preservation of Antarctic Live Marine Resources (Camelar) which has as members, among other states, Argentina and the United Kingdom."

Argentina: Editorial on Cuba's Resumption of 'Old Habits'

PY0403171996 Buenos Aires LA PRENSA in Spanish
1 Mar 96 p 13

[Editorial: "Cuba Resumes Old Habits"]

[FBIS Translated Text] The downing of two civilian aircraft, which were flying over international waters, by Havana's fighters has again put the Castro regime on the front page of international media. Cuba has said — although the opposite has been proven — the aircraft entered Cuban "airspace" without authorization and thus violated current standards. A few hours later, this gross lie — yet another one — by Castroism collapsed like a house of cards. The aircraft, downed with their respective pilots as their only occupants, were flying over the Florida Straits, searching for boats — usually jerry-built and barely seaworthy — carrying fugitives because the island bans people from leaving the country.

This situation has been going on for years, without any variation other than the issuance of conditional authorization for exiles, most of whom live in Miami and its surroundings, to visit their relatives once a year.

Nothing has changed, however, regarding the scope of this measure, which does not include the issuance of passports for Cubans who may want to travel abroad. This is the reason for the dramatic episodes in 1994 and 1995 involving the "boat people," who, fully aware of the risks they were running, put to sea on makeshift and unreliable craft.

It is taken for granted, therefore, that the downed aircraft were carrying out a humanitarian task, without any guns, and flying — we repeat — over international waters. The United States was among the countries that first reacted to this new crime by Castroism, whose promises to respect human rights and to establish, progressively, the proper conditions for a democratic state with implicit recognition of the rights that have been persistently demanded by dissident sectors, have again proven to be empty.

Castro has resumed his old habits: first, a smile and good manners at international forums, and subsequently, upon returning home, the implementation of systematic abuse and outrages which, according to his style, he will attempt to conceal under the excuse of "Yankee conspiracy" or "unwarranted meddling" by international organizations "in Cuban affairs." These international organizations must take the first step toward an unequivocal course on the path to straighten a regime that has again ridiculed the countries that pledge "to help." It is a simple matter. Castro wants the U.S. blockade lifted. Two blockades are involved. With regard to the second blockade, Castro shrugs his shoulders at a number of bans on entering or leaving Cuban territory and the jails packed with opponents, many of whom have been jailed for 10, 20, or even 30 years.

Bolivia

Bolivia: Military Sectors Request YPFB Referendum

PY2902022796 Cochabamba LOS TIEMPOS
in Spanish 23 Feb 96 pp A1, A7

[FBIS Translated Text] La Paz, 22 Feb — Military sources confided to the newspaper LOS TIEMPOS today that some military sectors asked President Gonzalo Sanchez de Lozada to hold a referendum to decide whether Bolivian Government Oil Deposits (YPFB) will become a mixed enterprise under state control, since it is considered a strategic company from a geopolitical viewpoint.

The aforementioned sources said: "Many question marks and serious doubts sprang up following explanations by the president and his aides concerning what is going to happen with YPFB."

A source who chose to remain anonymous said: "Those explanations — especially the ones given by the head of state's aides — are not satisfactory. We do not know what is going to happen. When some monopolies in strategic commercialization areas come on the scene, what will become of thousands of workers' jobs, and finally, what are the details of the tax system. The explanations were full of generalities and failed to get to the heart of the problem."

Sanchez de Lozada and several of his aides from the energy area held a closed-door meeting with commanders of big and small units and directors of military institutes to explain to them the partial privatization of YPFB, the Hydrocarbons Act — which will be soon enacted by Congress — and negotiations regarding the sale of gas to Brazil.

The YPFB affair soon aroused a lot of controversy, which even spilled over into the political arena. The head of state said that efforts were made to thwart this process [which he calls capitalization], which sparked off a number of reactions from the opposition. [Patriotic Accord] Deputy Fernando Kieffer said that this capitalization process is a "sell-out," particularly that of ENFE [National Railway Enterprise].

General Reynaldo Caceres Quiroga, Armed Forces commander in chief, stated that military commands were satisfied with the president's explanations.

This notwithstanding, the sources consulted by LOS TIEMPOS today said: "One ought not to mistake satisfaction with an explanation for acceptance of the entire process, when there are public opinion sectors that are not fully convinced about that subject. This is why on that occasion, some military men conveyed to the president of the Republic the need to hold a referendum to discuss this subject more widely so that Bolivians may settle the issue of the capitalization of YPFB at the polls given the fact that due to many geopolitical considerations, the very security of our nation is at stake here."

The source explained: "It is precisely the subject of strategic geopolitics that lacked a clear-cut approach in the official explanations." The source recalled that the conflict over the control of oil fields sparked off the Chaco War [with Paraguay], which took a heavy toll in terms of human life — more than 50,000 men were killed.

The source said: "It is our considered opinion that old vested interests that seek to control the heart of South America — through the control of its vital sectors — have not yet disappeared. It is obvious that old geopolitical ambitions have resurfaced on account of the

capitalization process, and it goes without saying that our neighbors are taking advantage of these favorable conditions to secure control of key economic sectors, which will enable them to exert supreme political, if not territorial, dominion over our country."

The source further stated: "The explanation of the presence of Enron Corporation as partner of YPFB for negotiating the sale of gas to Brazil was not fully convincing. There has been no explanation whatsoever of why a public bid was not called, and yet that corporation became YPFB's partner overnight. What legal procedure was followed so that this came to pass?"

The source recalled that retired generals and admirals sent to the head of state and the military high command several suggestions, which "unfortunately were blatantly ignored and were not taken into account for the discussion of the YPFB privatization or the Hydrocarbons Act."

The source said that the president has not yet condescended to voice an opinion about the need to call a referendum, "but we think that an issue that brings into question the future of our country cannot be dismissed just like that."

Bolivia: Sanchez de Lozada Rejects YPFB Referendum

*PY2902181396 Buenos Aires TELAM in Spanish
2227 GMT 28 Feb 96*

[FBIS Translated Text] La Paz, 28 Feb (TELAM) — Bolivian President Gonzalo Sanchez de Lozada has flatly dismissed the idea of holding a referendum on the capitalization (partial privatization) of Bolivian Government Oil Deposits (YPFB). The Bolivian head of state made this remark during a seminar on "Hydrocarbons Policy and Capitalization," which was held today at the Bolivian Senate.

In response to United Left leader Marcos Domic's request that a referendum be held to settle the YPFB issue, Sanchez de Lozada said that referring this issue to popular vote is not only unconstitutional but may leave the door open for further petitions about referendums on other issues like the president's reelection or an amendment to the Constitution, which are not desired at present.

The president pointed out that the fact that foreign companies will have a stake in the YPFB, which is a government monopoly, does not violate the Constitution. He said that his administration will make sure that all legal requirements are met in this process.

Sanchez de Lozada defended the need to turn YPFB into a mixed corporation under government control and

stated that thanks to the construction of a gas pipeline linking Bolivia and Brazil, Bolivia will be able to reduce its economic dependence and achieve a healthy balance-of-payments position.

The chief executive argued: "The gas pipeline will enable us to tip our country's balance of payments in our favor in the future and have more resources at our disposal to reduce our economic dependence."

A dispatch from EFE news agency states that following Brazilian Foreign Minister Luiz Felipe Lampreia's recent state visit to Bolivia, the plans of the construction of a gas pipeline linking the Bolivian City of Santa Cruz to the Brazilian City of Porto Alegre are beginning to take shape. The possibility that works may start in the near future would whip up the interest shown by several foreign companies, including the Spanish company Repsol, in participating in the partial privatization of YPFB.

Bolivia: Portfolio Said 'Healthiest' Among 'D' Nations

PY2702210696 Madrid EFE in Spanish
0006 GMT 22 Feb 96

[FBIS Translated Text] La Paz, 21 Feb (EFE) — Finance Minister Fernando Candia told EFE that the Inter-American Development Bank (IDB) portfolio for Bolivia is the healthiest among the "D" category countries — the least economically developed ones.

An IDB mission was in Bolivia from 12 to 16 February to assess the progress of the IDB portfolio of projects currently being implemented in Bolivia.

Candia said the assessment was positive, adding that the IDB considers the Bolivian portfolio to be the healthiest among the "D" category countries. The finance minister added that projects are being swiftly approved. He confirmed that the IDB will approve a portfolio of projects in Bolivia worth \$160 million for 1996-1997. The IDB announced this on 23 February and established that disbursements for the next fiscal year will amount to \$150 million. These funds will finance 32 projects, 20 percent of which involve social programs.

The new policy pursued by international organizations lays greater emphasis on social rather than productive programs. This year the IDB intends to support education and health care by granting loans to Bolivia worth some \$30 million. IDB Representative in Bolivia David Atkinson said Bolivia is one of the countries in Latin America that obtains the best results in the implementation of its education and medical care projects.

Candia added that Bolivian authorities and the members of the IDB mission analyzed the destination of the

concessional flows Bolivia will receive given the fact that aid is being cut, as the president of the Republic pointed out last year. Candia said: "Our country must become aware (of the cut in aid) and carefully select projects to be funded with that aid."

The finance minister added that it is of utmost importance to undertake a successful structural reform and economic adjustment so that Bolivia does not have to depend on concessional flows and may meet traditional credit requirements.

Brazil

Brazil: Editorial on Christopher's Visit, AWACS Dispute

PY0403153096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 96 p A3

[Editorial from the "Notes and Information" page: "Discreet Visit"]

[FBIS Translated Text] Warren Christopher arrived in Brasilia without causing the stir caused by visits of other state secretaries in the past. There could be no greater proof that relations between the United States and Brazil have normalized than the fact that the famous "constructive agenda" is working. There are no conflicts separating Brasilia and Washington. One of the final pieces of the jigsaw puzzle of good relations was symbolically put in place as the U.S. secretary of state was leaving Buenos Aires for Brasilia: The Brazilian Senate approved the Patent Bill which, after being amended, will return to the Chamber of Deputies. In sum, the U.S. secretary of state found the agenda clean upon his arrival. It remains to be seen if the atmosphere will continue clear after he leaves.

However, what could harm the political relations between Brazil and the United States? Only the drug trafficking issue, which has again gained a priority status on the so-called "military diplomacy" agenda. After years of useless attempts to curb drug consumption in the United States by reducing the drug supply, the U.S. Government has now acknowledged the deficiencies of this strategy and... decided to continue with the same policy. The United States is combating drug trafficking in Peru, Colombia, and Bolivia. Yet cocaine is being sold on the streets of Washington at a lower price and with a higher degree of purity than it was 10 years ago.

It is politically less shocking and operationally easier for the U.S. Government to move the center of drug enforcement efforts outside its borders. Instead of attacking the cultural and social factors — the lack of values — which lead many Americans, both rich and poor,

to solve their existential problems by taking cocaine or crack, the U.S. Government prefers to eliminate coca plantations in Andean countries. But the United States is not just losing this war; drug traffickers have now started another one by planting poppies where there used to be coca. Given that the strategy to eliminate production areas did not yield results, the U.S. Government is now trying to cut the supply routes of the drug traffickers. Radar installations to detect clandestine flights have been installed in Colombia and Peru, and U.S. AWACS planes overfly their border area, spotting targets for interception.

The U.S. Government wants Brazil to allow AWACS to overfly Brazilian territory. Brazil accepts the task of controlling its own air space because it is a manner of reasserting its own sovereignty. Brazilian authorities do not accept, however, that such planes fly under the U.S. flag, piloted by American pilots. Brazil wants these planes to be sold or rented to the Brazilian Air Force, which is considered inadmissible for the Americans.

Unless this issue is pressed, Warren Christopher's visit to Brazil will be productive on account of the agreements he will sign and of the atmosphere of goodwill he will leave in Brazil.

Brazil: Support for Clinton Proposal on Free Trade Area

PY0403203396 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Mar 96 p A4

[Report by Cristiana Lobo]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso on 3 March told O ESTADO that Brazil supports the creation of the Free Trade Area of the Americas [FTAA] proposed by U.S. President Bill Clinton. Cardoso noted, however, that Brazil and the United States should find ways of balancing their bilateral trade because Brazilian exports to the United States have not grown as fast as the Brazilian imports of U.S. products.

Commenting on an exclusive interview granted to O ESTADO by the U.S. President, Cardoso said: "We must work to increase our exports too." From 1990 to 1995, Brazilian exports to the U.S. market grew only by 16 percent, while U.S. exports to Brazil increased by 67 percent. In 1995, the Brazilian deficit in its trade with the United States (its purchases were larger than its sales) stood at \$1.6 billion.

In Cardoso's opinion, the task at hand — in addition to increasing exports — is to negotiate with the U.S. Government the suspension of U.S. tariff barriers affecting Brazilian products.

The United States imposes a \$492 surcharge for each metric ton of Brazilian orange juice sold on the U.S. market. Furthermore, the United States has banned the import of Brazilian gasoline on the allegation that it does not meet U.S. legal specifications concerning environmental protection.

The issue is being discussed at the WTO, where a preliminary decision has been favorable to Brazil. The United States has also imposed restrictions on imports of Brazilian shoes and steel.

On 1 March — during U.S. Secretary of State Warren Christopher's visit to Brasilia — Alexander Watson, U.S. assistant secretary of state for inter-American affairs, said that just as the United States imposes barriers on Brazilian products, Brazil imposes barriers on U.S. products. Watson said: "Average Brazilian import tariffs range between 15 and 25 percent, while the U.S. average import tariff stands at 3 percent."

Revealing that he had discussed the subject with Christopher, Cardoso said: "We have to make progress regarding this issue and others that might arise, but always reaffirming our position to consolidate Mercosur [Common Market of the South]." In his interview with O ESTADO published on 3 March, Clinton suggested that Brazil assume a leading role in the region in forming the FTAA, praised the Brazilian economic opening process, and Cardoso's actions.

Cardoso stated that Brazil does not intend to create difficulties for the creation of the FTAA, which has been tentatively set for 2005. He noted, however, that Mercosur represents a major step forward for four countries — Brazil, Argentina, Uruguay, and Paraguay. He added: "We are not going to lose sight of that."

Cardoso stated that Mercosur has gone beyond mere trade prospects because it has implemented a customs union — the four countries have adopted the same tariff rates for similar products. He added: "We are closer to Europe here." He was thus noting that the EEC adopted the same type of customs union. He added that in order to create the FTAA by 2005, it would first be necessary to consolidate the current blocs.

Cardoso said: "Let us consolidate Mercosur and NAFTA and then move toward the FTAA." He then noted that Mercosur has made significant strides in its talks with Chile and Venezuela to establish agreements based on the four plus one formula; that is, the four Mercosur member countries and another trade partner.

According to Cardoso, Brazil is proposing bilateral agreements with all South American countries. He said: "From a historical standpoint, every process such as Mercosur, NAFTA, the Andean Pact, and the European

Union ultimately leads to a hemispheric union." After emphasizing the bases on which Mercosur has been founded, Cardoso noted that although Mercosur member countries "are not linked by umbilical cords," they give preference to their partners.

President Cardoso also voiced satisfaction with the fact that President Clinton conceded the need to find ways to make the United Nations more efficient and effective — even though Clinton advocates a smaller UN Security Council [UNSC] than that proposed by Brazil.

Cardoso said: "It is a step forward." He noted that Brazil does not merely seek a permanent seat at the UNSC. He added: "It would be useless to have a UNSC seat if we have no power within the Inter-American Development Bank and the World Bank." In his interview with O ESTADO, Clinton was receptive to the idea of Brazil having a permanent seat on the UNSC.

Cardoso regarded Clinton's remarks on the role Brazil ought to play on the international scene, as well as his praise of Brazilian participation in several peacekeeping missions, as a good example of how well relations between the two countries are going.

Cardoso also said that Brazil would like to discuss problems with rich countries — members of the G-7 — such as the volatile nature of foreign investments and revealed that he had discussed the subject with Secretary Christopher. Cardoso also discusses crises involving Bosnia, Angola, Lebanon, and Palestine.

Brazil: Officials Comment on Space Cooperation With U.S.

PY0403232196 Sao Paulo AGENCIA ESTADO
in Portuguese 1701 GMT 2 Mar 96

[Report by Julio Ottoboni]

[FBIS Translated Text] Sao Jose dos Campos, 2 Mar (AE) — NASA General Manager Daniel Goldin this morning visited the installations of the National Institute of Space Research (INPE) in Sao Jose dos Campos, 90 km from Sao Paulo. He said he was very impressed with the capability of the Brazilian scientific institute. He added that the exchange between the two institutions is not only scientific but it includes exchange of space technology. He also confirmed the possibility of a Brazilian joining the team of astronauts in the space shuttle.

The NASA director said that if Brazil presents an appropriate scientific program for the U.S. space missions, there is the chance that an INPE researcher will participate in one of the space shuttle's flights. Goldin said it is essential that such a project have the approval of his scientific community, because it will be the only

concrete chance for this to take place. "We at NASA decided that we will not take astronauts to space just for fun, but as part of an essential science program," he stressed.

According to INPE Director General Marcio Nogueira Barbosa, Brazil will have infrared cameras for observation of the earth on two space shuttle flights, scheduled for the end of 1997 and for mid-1998. In his opinion, this means a significant step forward that will permit the training of a Brazilian specialist as crew member in a mission on a U.S. vehicle. INPE scientists' expectations is that the idea will become mature with time, as relations between the two organizations become closer in the space area.

Brazilian Space Agency (AEB) President Gylvan Meira Filho was very optimistic about the agreement signed with NASA. "It is a very important development in Brazilian foreign policy," he said. He added that this means the end of scientific and technological embargoes from G-7 countries. In this regard, one of the main steps forward will occur next week, with the arrival of NASA technicians to INPE for the dissemination of data on the elimination of forests in the Amazon region. This is the most controversial issue between the two space agencies.

This time, INPE wants full involvement of NASA technicians in the public dissemination of forest elimination indexes. This is the first step toward consolidation of a national method for the obtention of data, which was previously calculated by an extremely closed circle of G-7 scientists. For several years, the data on the information on the Amazon region published by that institution were overdimensioned. Because of this, INPE's technical capacity was internationally challenged, while indexes became unreliable. From now on, INPE will design the method, and we will thus end the disagreement, Meira Filho said.

Brazil: 'Protectionist' Policies of U.S. Criticized

PY0403235496 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 23 Feb 96 p A3

[Editorial: "The Subtle Protectionism of Wealthy Countries"]

[FBIS Translated Text] Two recent bits of news related to the WTO allow us to assess the wealthy countries' attempts to use the WTO to strengthen their protectionist positions. The first bit of news refers to the U.S. Government decision to appeal the WTO's opposition to the difficulties it has been creating for gasoline imports; the second one refers to some industrialized countries' plans to include in the WTO norms clauses calling for

the implementation of measures to combat the so-called social dumping [preceding word in English] cases.

The U.S. Government forbade the import of Venezuelan and Brazilian gasoline under the excuse of defending the environment. Based on Venezuelan and Brazilian complaints about that, the WTO held the United States responsible for violating the accord it had signed with the organization. Washington is demanding that imported gasoline comply with norms that it does not demand from its own nationally produced gasoline. As a result, the Board for the Solution of Disputes has agreed that the two Latin American countries had reasons to complain.

It is well-known that the United States has never accepted the GATT's interference in its decisions. Once the WTO began functioning in January 1995, the norms that command disputes among countries that belong to the organization have become more imperative. This is first ruling dictated by the WTO, therefore it is understandable that Washington now wants to appeal the ruling of the Board for the Solution of Disputes before the WTO Council General, although the ruling complied with norms that have been established by the Uruguay Round of the GATT. If the Council General agrees with the board ruling (some of its members have already warned that they will never accept the ruling), the U.S. Government will have to comply with the ruling or run the risk of suffering sanctions. For the time being, the U.S. challenging attitude can be justified because the country is beginning its presidential campaign and, in addition, has been having difficulties in maintaining its economic growth. These circumstances have always favored protectionist positions, which are normally hidden behind the excuse of defending the environment, and represent another means of exerting pressure on possible competitors.

Perhaps more serious than that are the plans some countries headed by France have of including in the WTO rules certain norms seeking to fight the so-called social dumping practices, which include disrespect for labor unions freedom, elimination of the collective bargaining practices, slave labor, the work of children, and so forth. These countries plan to include these norms in the WTO rules during the ministerial conference to be held in Singapore in December. As a matter of fact, what these countries want is to prevent developing countries from making use of cheap labor in order to compete with the countries that have already reached the post-industrial era. These countries would thus justify very well their opposition to this sort of practices by countries such as the "Asian tigers," and Brazil.

Also in this regard, under the praiseworthy excuse of defending human rights, the European countries, which are currently facing the serious problem of unemployment, are merely using protectionist methods. We could mention that a country such as France did not hesitate, at the beginning of the industrial revolution, to use extensively the work of children and even employed five-year-old children for night work, as shown in Dr. Louis Villerme's report dated 1840.

We do not think that past errors should be imitated, but the situation of the developing countries, which in accordance with their laws can offer jobs to young people, must be taken into account. Among the countries that are in the post-industrial era, there are salary differences of as much as 40 percent and the cost of manpower cannot always be measured in terms of salary. The cost of social contributions and especially differences in productivity must be taken into account, but always remembering that in countries where capital is scarce, the cost of money (high interests paid to investors) creates a situation of inferiority compared to that of the industrialized countries.

It is very unfair to merely denounce the low salaries paid in the developing countries because when these countries supplied cheap raw materials to the industrialized countries, they were contributing to make them wealthy nations.

It would also be fitting to remind the countries that are seeking to implement more protectionist methods, that the developing countries are victims of financial dumping while the EU countries pay their rural producers high-level subsidies in order to enable them to compete with the emerging countries which, without these financial means, have difficulties to export their agricultural products in the same conditions.

Certain types of abuse (free labor performed by prisoners in the PRC, which is not a member of WTO) can be condemned, but we must adopt a firm position against attempts to strengthen the wealthy countries' protectionist ambitions, which are disguised under fallacious excuses, because these ambitions are stronger than one can imagine.

Brazil: Official on 'Dangerous' Fiscal Accord With U.S.

PY0403235696 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Feb 96 Section 1 p 3

[Commentary by Francisco Dornelles, federal deputy of the Brazilian Progressive Party and former finance

minister: "Dangerous Accord With the United States"; from the "Trends and Debates" page]

[FBIS Translated Text] Brazil and the United States have again analyzed the possibility of resuming negotiations to sign a fiscal accord seeking to eliminate the collection of double taxes on income.

This double taxing occurs when the same type of taxes are levied in two countries on the same income of a same person, be it an individual or a corporation. This type of problem occurs when the countries involved in the process of generating and transferring income adopt different principles to define their fiscal sovereignty.

There are three principles to define the power of levying income taxes. In accordance with the nationality principle, the nationals must pay their country's revenue office income tax on their overall income, no matter what country they live in or have legal residence in, or the place where the income was generated. In accordance with the residence principle, the taxpayer will only pay an income tax in the country where he or she lives or has legal residence, no matter their nationality, or the place where the income was generated.

The principle based on the income tax deduction source, which is the third one, attributes the power of levying taxes on a person's income to the government in which territory the income was generated, regardless of the nationality or country of residence of the person who has earned the income.

The United States and the United Kingdom adopt the three principles cumulatively. Japan, Canada, and most of the European countries, as well as Brazil, do not resort to the nationality principle and adopt the principles of residence or place of living and the one based on the income tax deduction source cumulatively. To prevent an individual or corporation from having to pay income tax on the same income in two different countries, i.e. double taxing, the credit-exemption methods are the most-used ones.

According to the method adopted by the United States and the United Kingdom, a certain country exempts people who have legal residence or live in its territory from paying taxes on the income they receive from another country. In accordance with the credit-exemption method, however, the country levies taxes on the income the person living in its territory has received from the other country, but allows the person to deduct from the tax he or she has to pay what has already been paid in the country where the income was generated. Within the credit method there is also the system of "tax sparing" [two preceding words in English], which consists

of levying tax on the income a person who has legal residence in its territory has received from another country, but establishing a fixed percentage for deduction which always surpasses the tax paid in the country from where the income was received.

In the accords Brazil has signed with countries that export capital — Canada, Japan, and West European countries — they all agreed to exempt from tax the profit and dividends their enterprises or individuals receive from investment made in Brazil.

In the case of the other types of income — interests, royalties, technical assistance, and technical services — the aforementioned countries levy taxes on these types of income but grant a credit of 25 percent of the income, which surpasses the tax paid for in Brazil (tax sparing). This contributes very much to reducing the cost of imported money and technology. From 1970 to 1984, several negotiations aimed at the signature of an accord to avoid double taxing have been conducted with the United States.

These negotiations, however, have never been concluded because the United States has never agreed to grant Brazil the same fiscal treatment — exemption and fictitious credit — the aforementioned countries that export capital have.

It must be added to that, the fact that as the U.S. laws grant — unilaterally — credit for taxes paid for in Brazil, there is no double taxing on U.S. income and the flow of investments is not harmed. A fiscal accord with the United States can only be justified if the U.S. Government agrees to insert in the fiscal accord clauses that may stimulate U.S. investment in Brazil, or reduce the cost of the imported money and technology, as Japan, Canada, and the West European countries have done.

Those who are negotiating with the United States the agreement seeking to avoid double taxing have to face a great challenge.

If they sign with the United States a fiscal accord in which clauses calling for more favorable treatment — such as the one Japan, Canada, and the West European countries have included in the accord they signed with Brazil — these countries will request cancellation of the accords seeking to avoid double taxing, which they have signed with our country. This will annul the work our country has been performing in the last 25 years and enormously affect the flow of their countries' investments to Brazil.

Therefore, the Brazilian negotiators have a great responsibility before them.

Brazil: Cardoso Says Developed Nations Nearing 'Racism'*PY2902193696 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Feb 96**[Passages within quotation marks recorded]*

[FBIS Translated Text] President Fernando Henrique Cardoso today attended the installation of a ministerial group charged with formulating public policies for the black population. Cardoso said one must emphasize the fact that Brazil has a multiracial society.

"In the case of Brazil, we must emphasize the fact that ours is a multiracial society. I have time and again said this in the speeches I have delivered as president of the Republic. It is not a question of just rhetorically emphasizing this because the multiracial aspect is an essential part of the nation. The Brazilian nation is made up of multiple races.

"When I speak of blacks, I am speaking of Brazilian citizens, of Brazilian men and women. As president of the Republic, it is my duty to emphasize this fact. We are not talking here about a movement or an isolated part. It is a part of a whole. This whole is significant because it consists of an enormous diversity of races and cultures. We ought to develop civilized forms of coexistence recognizing this diversity and understanding that Brazil was indeed capable and will continue to be increasingly capable of making this diversity yield positive results for the whole of the country, for the whole of the nation."

Cardoso also noted that the upsurge of racism in some countries is a threat to modern civilization.

"I believe we ought to insist on an aspect that is always missing in today's world; that is, tolerance, respect for diversity. If today's world has a disquieting aspect, that is intolerance, which generally takes the form of racism.

"We can see today that highly economically developed countries are also unfair. They are perhaps not affected by the type of outrageous social injustice affecting us; that is, that which stems from an unequal distribution of income and property. Some countries, to which I will refer in general terms for obvious reasons, do not present such an unpleasant profile in terms of distribution of income. This does not mean, however, that they are fair, because they are leaning again toward racism by emphasizing the exclusive rights of a racial group. This poses a threat to modern civilization."

Cardoso stated that the Brazilian people are today against racism.

"We value the existence of several races among us, with all of them managing to live together while

maintaining their specific differences, and without using these differences as cause for privileges. This is very important. Although — compared to other countries — Brazilians now attach significance to tolerance, for many years we have denied the existence of differences, of racism, and of racial discrimination."

Cardoso said a struggle must be waged to eradicate racial prejudice in Brazil.

"There is indeed racial prejudice in Brazil. Improving the status of blacks also entails waging a struggle to end racial prejudice, because there is racial prejudice. It is evident in salary discrimination, and a reluctance to use blacks or certain racial groups — blacks are not the only ones being discriminated against. The building of a democratic society requires that the government takes clear steps in this direction too."

Cardoso outlined some advantages existing in a multiracial society.

"Our racial diversity is comparable to biodiversity. It is positive because it enhances creative skills; our own differences are instrumental in improving our creative ability in every field. We ought to attach significance to this."

Brazil: Cardoso, UN's Butrus-Ghali Sign Forest Accord*PY0103110796 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 29 Feb 96*

[FBIS Translated Text] President Fernando Henrique Cardoso has received UN Secretary General Butrus-Ghali at Planalto Palace. They signed an accord contemplating the allocation of resources to the program for protection of rain forests in Brazil. This program is the result of an accord reached with the G-7 in 1995. The G-7 is the group of wealthiest countries in the world and includes the United States, Germany, France, England, Canada, Japan, and Italy.

The accord was signed at Planalto Palace during the meeting held by President Cardoso and Butrus-Ghali. It was signed within the framework of the UN program for development, and its value totals almost \$5.7 million for the next five years. The resources will be supplied by the EU, the G-7, and the Brazilian Government. The program contemplates the establishment of a system of scholarships for continuous studies on the environmental policy to be implemented in the Amazon Region. The program will gather experts from various areas and benefit particularly the local Amazon Region dwellers.

President Cardoso hosted a dinner for Butrus-Ghali. Here is a report by Luis Augusto Mendonca:

[Begin Mendonca recording] In a six-page speech, President Cardoso asserted that it is imperative to grant the United Nations the required resources to allow the organization to comply with its mandates. According to Cardoso, the easiest way to do that would be to have the UN member countries honor their obligations to the organization in a reasonably prompt manner. In the speech, Cardoso again defended the need to implement changes in the United Nations, and added that Brazil is firmly committed to fighting for a stronger and more dynamic United Nations. [end recording]

Brazil: UN's Butrus-Ghali Urges Antinarcotics Effort

PY2902182096 Sao Paulo AGENCIA ESTADO
in Portuguese 0030 GMT 29 Feb 96

[FBIS Translated Text] Sao Paulo, 28 Feb (AE) — UN Secretary General Butrus Butrus-Ghali today said that his visit seeks to request that Brazil broaden its participation both regarding international issues and the UN activities. In a lecture today at the Institute for Advanced Studies at the University of Sao Paulo (USP), Butrus-Ghali advocated a globalized effort to fight the drug trade, terrorism, and major epidemics. He said: "These problems are affecting every country."

Butrus-Ghali reiterated that his visit to Brazil is not part of a campaign to seek reelection — his term expires at the end of 1996. He said: "At this time, I am not thinking about my reelection." He added: "I still have eight months to make a decision and, when I do, I will contact the Brazilian Government to seek its support."

Commenting on the possibility for a Latin American country to become a permanent member of the UN Security Council [UNSC] — Brazil's wish — Butrus-Ghali reiterated that it is incumbent upon the UN General Assembly to decide this. He added: "Member countries concur with that the UNSC composition should be changed, but they also believe that the number of UNSC seats should be limited."

Butrus-Ghali arrived in Sao Paulo on 27 February. He met with Sao Paulo Governor Mario Covas (PSDB) [Brazilian Social Democracy Party] and Mayor Paulo Maluf (PPB) [Brazilian Progressive Party]. Late this afternoon, he left for Brasilia where he is scheduled to meet with President Fernando Henrique Cardoso on 29 March. On 1 March, Butrus-Ghali is scheduled to depart for Mexico.

Brazil: Argentina To Propose Joint Nuclear Reactor
PY0103200196 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 29 Feb 96 p 3

[Report by Tania Malheiros]

[FBIS Translated Text] Argentina will propose to Brazil a partnership for building the Caren research nuclear reactor. The Caren is a small-size, light water [agua leve] reactor that operates on enriched uranium (like Angra I). Nuclear technicians have said that the Caren will have a sophisticated safety device capable of automatically discontinuing the unit's operation in case of failure.

The proposal for building the Caren might be included in the nuclear cooperation agreement that the two countries will sign during the visit that President Fernando Henrique Cardoso will make to Argentina in March. The partnership for completion of the project and for starting the construction of Caren — and probably other research reactors as well — must be supervised by the International Atomic Energy Agency (IAEA), which is headquartered in Austria.

Experience — Technicians of the sector believe that the Brazilian Government should agree to the partnership proposal in order to gain more experience in reactor construction, a field in which Argentina has much more know-how. Argentina actively engaged in the construction of its Atucha I and Embalse nuclear plants.

Atucha I, which has been operating since July 1974, was purchased from Germany, while Embalse, operating since January 1984, was purchased from Canada. The two plants were designed and built with the effective participation of Argentine technicians of various areas. Atucha I always showed good performance, except for the 1988-89 period, when it had to be turned off because of a break in fuel tubes. Embalse has operated at full capacity, contrary to the case with Angra I, a turn-key plant that Brazil bought from the U.S. enterprise Westinghouse in 1970. Angra I started operating 15 years later and was turned off some 30 times because of deficiencies.

According to the technicians, another example that Argentina has made substantial progress in this area is the fact that Argentina is operating at least six research reactors that were designed and built with domestic technology. Moreover, Argentina has already sold research reactors to Egypt, Peru, and Algeria, and the nucleus of a research reactor to Iran.

Brazil: Peru's Fujimori on Highway Accord, Investments

PY0103110696 Lima EXPRESO in Spanish
28 Feb 96 p A2

[By special correspondent Carlos Cabrera Oliva]

[FBIS Translated Text] Sao Paulo, 27 Feb — Yesterday, the second day of his official visit to Brazil, Peruvian President Alberto Fujimori met with the Rio de Janeiro Trade Association, and, explaining the new course of Peruvian-Brazilian relations, said that from now on, "things will be done before talking too much," because in the past "there was much talk and nothing was done."

The Peruvian president made these remarks on announcing the achievement of an agreement that will consolidate, in two years, the first highway corridor that will interconnect Peru and Brazil, and the Atlantic Ocean with the Pacific.

During that meeting, Fujimori invited the Brazilian businessmen to invest in Peru, and added that the country provides security for investments and that the reforms implemented seek to consolidate a small and strong state that will respect the rules of free trade.

He added that Brazil is Peru's second ranking trade partner in Latin America, and that it is also the economic, industrial, and political leader, and that for this reason he reaffirmed the Peruvian Government decision's to support the candidacy of Brazil for a seat in the UN Security Council.

President Fujimori will conclude his official visit to Brazil today with protocol meetings with Sao Paulo state officials. He arrived in Sao Paulo at night.

Brazil: Central Bank To Brief Congress on Supervision

PY0103165696 Rio de Janeiro Rede Globo Television
in Portuguese 2300 GMT 29 Feb 96

[FBIS Translated Text] The government has admitted that the bank supervision system has deficiencies. The government is preparing a strategy to deny — at the congressional debate — the alleged irregularities within the Central Bank.

Nothing is as effective as a word from the president. After a meeting at Planalto Palace last night, economic team members unified their language.

The Central Bank directorate today designed strategies. It decided to accelerate the investigations into the Nacional Bank balance sheet, and to carefully prepare the briefing scheduled for 5 March in Congress.

[Begin Deputy Luiz Carlos Santos recording] The government does not want and cannot coexist with doubts, with suspicion. Consequently, all necessary explanations will be given. [end recording]

Lawmakers are still strongly irritated. Government leaders, however, expect that the weekend will help calm spirits down. The National Accounting Office [TCU] auditing of the Central Bank will not be immediately made, and it will take at least 30 days.

[Begin TCU President Marcos Vilaca recording] The matter is a bit sensitive. It must be addressed very carefully and with a cold mind. [end recording]

Central Bank directors next week will tell lawmakers that there were actually indications of irregularities within the National Bank, but that they had no idea about the type of irregularities, and that this is why a decision was made to intervene in the bank, in order to investigate and prevent clients from losing their assets.

The Central Bank directors will also say that the Central Bank supervisory work is far from being perfect, that new control mechanisms are being studied, and that banks themselves will help supervise each other.

Brazil: Federal Revenue Group To Tighten Bank Control

PY0103183296 Rio de Janeiro Rede Globo Television
in Portuguese 1615 GMT 1 Mar 96

[FBIS Translated Text] The federal revenue department also wants to tighten control on banks, in light of the problems of the Nacional and Economic Banks. We have a commentary by Miriam Leitao:

[Begin Leitao recording] The federal revenue department has also had problems with the supervision of banks. The department's job is to control bank statements reflecting the taxes they pay.

For many years, those statements were difficult to understand because of the monetary correction.

Now this problem is over. Yet the revenue department has discovered that it has no financial market specialists, people who are experienced in that specific matter.

Revenue department superintendencies operate at a regional level, and their agents deal with all matters. According to federal revenue secretary Everardo Maciel, they are clinical doctors without specialization.

In order to resolve this problem, the federal revenue department decided to create a bank superintendency, whose only function will be to check whether banks are properly paying taxes.

The superintendency will operate in Sao Paulo, and its agents will be trained abroad.

The reduction of the inflation rate made Brazil look like the rest of the world. The agents can therefore go abroad to learn how to work. [end recording]

Brazil: Senate Approves Fiscal Stabilization Fund

PY0203034496 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 1 Mar 96

[FBIS Translated Text] The government had a triumph in Congress last night. The Senate approved, in a second voting round, the Fiscal Stabilization Fund, which will allow the government to reallocate up to 20 percent of budget funds without the approval of Congress.

Brazil: Central Bank 'Knew' About Nacional Bank Fraud

PY0203042096 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Feb 96 pp A1, B1

[Article by Ivanir Jose Bortot]

[FBIS Translated Text] Adilson Rodrigues Ferreira, head of the Oversight Department of the Central Bank [BC], said yesterday that he knew of the existence of fraud in the Nacional Bank Accounts involving fictitious credits amounting to 5 billion reais [R] since October 1995. Adilson Ferreira said that BC President Gustavo Loyola and BC Norms Director Claudio Mauch had informed him of those irregularities.

Loyola, Mauch, and BC Monetary Policy Director Alkimar Moura were summoned yesterday to testify next week before the Congressional Joint Committee of the Proer [Program to Encourage the Reorganization and Strengthening of the National Financial System].

Loyola himself yesterday authorized Adilson Ferreira to officially acknowledge the irregularities committed by Nacional Bank. Ferreira could not say how long Mauch and Loyola had known about what was going on in the Nacional Bank. The BC Oversight Department had been closely analyzing the Nacional Bank accounts since June without managing to identify the fraudulent operations.

The employees involved in the Nacional Bank fraud can be punished with sentences ranging from one to six years in prison. Articles 10 and 6 of the White Collar Law (Law No. 7492) envision punishments that include sentences of one to six years in prison for those guilty of passing false information in financial reports to the authorities or of inducing investors to losses. According to the law, the sanction can only be applied to the persons who committed the crime, that is, to those who, in fact, intended to engage in irregularities and did so,

but not to those who, despite being responsible for the institution, did not know of such irregular operations.

Thus, if it is proven that Eduardo Magalhaes Pinto, Nacional Bank Administrative Council president; his brother, Nacional Bank President Marcos Magalhaes Pinto; or other bank managers were not responsible for these irregular operations, they will be exempted from this type of penalty. Senator Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba], who is president of the Congressional Joint Committee that oversees the Proer, yesterday asked Federal Supreme Court (STF) President Sepulveda Pertence to modify the White Collar Law so that the bankers, the main individuals responsible for the financial institutions, can also be punished. "We must improve the law to give the Central Bank better conditions for oversight," Suassuna told reporter Wladimir Gramacho.

The Proer Joint Committee yesterday decided to summon the BC managers — to discuss their criteria for loan concessions to financial institutions in difficulties — as well as the former presidents of the Economico Bank, Angelo Calmon de Sa; of the Nacional Bank, Marcos Magalhaes Pinto; and of the Banespa [Sao Paulo State Bank] and Banerj [Rio de Janeiro State Bank]. "The Nacional Bank episode reveals that there has been deep failures in the BC oversight," said Deputy Benito Gama (PFL-BA) [Liberal Front Party-Bahia].

The strangest thing for some congressmen is that despite the fact that the Central Bank already knew of the Nacional Bank fraud and its patrimonial deficit at least one month before it was placed under the RAET (Special Regime of Temporary Administration) on 18 November, at no time did the bank seek the BC rediscount loans.

"The fact that the Nacional Bank did not ask the Central Bank for rediscount loans was interpreted by the market as a signal of a sound financial situation. The market was being induced or led to a mistake by the Central Bank," said a pro-government congressman. The reality was that the Nacional Bank was being sustained by interbank credit operations that reached R3.5 billion from the Federal Savings Bank and the Bank of Brazil, which helped the Nacional Bank upon the recommendation of the Central Bank.

The BC oversight department was initially concerned with the bank insolvency, Ferreira said. When Adilson Ferreira was informed of the existence of nearly 700 fictitious current accounts with an average value of R6 to R8 million that supposedly reinforced the Nacional Bank assets, he could do nothing else.

The Nacional Bank staged the fraud based on deactivated current accounts. The bank managers created fictitious credits amounting to nearly R5 billion borrowed by these ghost current account holders in a special computer program to which few people in the Nacional Bank had access. These credits covered the bank's patrimonial loss and generated false profits with distribution of dividends for the shareholders.

The difficulties worsened as the bank paid more and more taxes on the fictitious profits. Given that the Nacional Bank had a patrimony of about R1 billion when it was sold, it ended with an effective loss of nearly R4.2 billion.

"The problem already existed. The bank could either be declared in bankruptcy, greatly damaging its clients and the financial system, or enter into negotiations to be sold and save the clients," Ferreira said. He revealed that in October the Unibanco and another institution were interested in buying the Nacional Bank. Ferreira believes that the Unibanco did not know about the real situation of the Nacional Bank.

The loss the Central Bank will suffer with the Nacional Bank case has not yet been estimated. Everything indicates that it will be much less than the bank's patrimonial loss. The Central Bank received R700 million in shares from the Unibanco for the sale of the balanced assets and liabilities of the Nacional Bank. The Nacional Bank has presented R5.8 billion worth of bad papers to guarantee loans from the Proer. With the use of Proer resources, which amount to a net R2.8 billion, the effective loss could amount R1 billion.

Brazil: Central Bank President 'Under Heavy Fire'

PY0303191796 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 1 Mar 96 p 10

[FBIS Translated Text] Brasilia — Central Bank (BC) President Gustavo Loyola has again come under heavy fire within both Congress and the administration over the leak of the Nacional Bank accounting fraud. An adviser to President Fernando Henrique Cardoso said: "There were problems before at the BC, but following this incident, a surgical action will be in order. The problem is the timing."

Pro-government lawmakers have stated that the administration is unhappy about the repeated leaks occurring at the BC and about what has been characterized as Loyola's political ineptness in dealing with the Nacional Bank scandal. According to a source who met with President Cardoso, as soon as the worst stage of the Nacional Bank crisis is over, changes would be made in the BC leadership. The source added: "Loyola is out, but the

administration does not want him to take the blame for everything."

According to congressmen having access to Planalto Palace, support for Loyola's dismissal became clear at a meeting held by Senate leaders with the president on the evening of 28 February. It has been concluded that, although the irregularities cannot be blamed on Loyola, the BC president has failed to defend the administration. A congressman having access to the economic team said: "The administration needs a scapegoat to stop dissatisfaction both within society and Congress."

To make things worse, Loyola's testimony before the Senate on 5 March is being awaited with apprehension. Alluding to Loyola's repeated failures in his congressional appearances, a progovernment lawmaker said: "Persio Arida (Loyola's predecessor) used to emerge stronger after each congressional appearance, but just send Loyola there and you will see what happens."

One factor working in favor of Loyola keeping his post is the fear that his departure would worsen the turbulence in the financial market and within Congress — where the opposition is seeking to create a CPI [congressional investigative committee] to investigate the BC actions. There are also doubts about the chances of finding candidates who would be interested in taking Loyola's job.

Brazil: Central Bank Official Says Crisis 'Over'

PY0303205596 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 1 Mar 96 p 1

[Report by Claudia Safatle]

[FBIS Translated Excerpt] Brasilia — Central Bank (BC) President Gustavo Loyola on 29 February broke his silence for the first time since the fraud case at the Banco Nacional was uncovered. In remarks to JORNAL DO BRASIL, Loyola said: "Charges like that cannot be raised against the BC. Who would be interested in destroying the BC? I have asked myself this question." Loyola said that in his testimony before Congress on 5 March he will follow "a line of openness and defense of the BC." He admitted that the BC "had been deceived" for a decade by the cosmetics used to disguise the balance sheet of the Banco Nacional, "but we are doing our job."

Loyola noted that the crisis of the financial system is over. He said: "Nothing major could happen now. The big cases are already over with." He added: "Banks like Economico and Nacional had problems earlier, but they had been concealed by the high inflation rates. The cleanup effort within the system has concluded."

Government sources yesterday reported that President Fernando Henrique Cardoso had been informed of the situation of the Banco Nacional in October 1995. The same sources added that at that time [Nacional Bank President] Marcos Magalhaes Pintel had not told the whole truth. [passage omitted]

Brazil: 'Nothing To Fear' Over Banking Scandal

PY0403205396 Rio de Janeiro JORNAL DO BRASIL
in Portuguese 1 Mar 96 p 1

[Article by Marcelo Pontes]

[FBIS Translated Text] "We need someone to tell things the way they are," President Fernando Henrique Cardoso said, complaining of his government leaders in Congress. He summarized in two sentences to JORNAL DO BRASIL what the government wants to say about the Nacional Bank scandal: "The government has nothing to fear. It is time to regulate the financial system."

The president thinks it is absurd to transfer the center of attention from the Nacional Bank to the Central Bank. "All this is happening precisely because the Central Bank for the first time is controlling things efficiently, filing charges before the police and court. The impression is that new things are happening but, to tell the truth, what is happening is that the Central Bank procedures are transparent. The Central Bank is no police. It looks at a bank's balance, detects an irregularity and files charges. Malan told me that last year 503 charges were filed. We were the ones to send to Congress instruments to improve this control, including to hold the bank controlling shareholders responsible for the irregularities. The government does not fear anything, and does what it has to. These cases are taking place because of the government's energetic action," Cardoso said.

The president is not bothered by the fact that the finance minister and nearly all the Central Bank directors were summoned to make clarifications in the Senate. "I think it is great. If I were finance minister, I would go there. Everything must be explained clearly to Congress." What about the auditing that the National Accounting Office will make on the Central Bank? The president thought for a while and added: "There is no problem in controlling. We have nothing to hide. If it is necessary to change something to improve, we will change."

Cardoso ordered the study of Deputy Jose Anibal's idea of entrusting another institution rather than the Central Bank with the duty of controlling banks. "It is an idea to consider. But nowadays, only the Central Bank is capable of carrying out that control. What we need now is to regulate Article 192 of the Constitution on the financial system."

Brazil: Cardoso Criticized on Financial System

PY0503011796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Feb 96 p A6

[From the "Estado Column" by Cristiana Lobo]

[FBIS Translated Text] Whenever President Fernando Henrique Cardoso's allies have complaints about him, they try to lash out at him: "Cardoso is one of those presidents who does not use the power bestowed upon him. He does not give orders to the Central Bank, the Federal Revenue Office, or the Federal Police." For obvious reasons, this sort of complaint is made in a discreet manner because, if a president interfered directly in any of these three areas, the country would be moving backward.

Nevertheless, in face of the frequent problems that have been popping up in the financial system, Deputy Benito Gama — rapporteur for the provisional measure on banks (which created the Program to Encourage the Reorganization and Strengthening of the National Financial System) as well as for the bill that regulates the National Financial System — has decided to change his opinion. From now on, instead of proposing the establishment of a permanent committee in Congress to follow and supervise the Central Bank actions, Gama wants the government to create a special secretariat, directly linked to the Presidency of the Republic. This new secretariat would be in charge of supervising the actions taken by the Central Bank, the Federal Revenue, and the National Social Security Institute.

Previously, Gama expected the provisional measure to be reviewed twice before being voted on in April. He is convinced, however, that the financial losses caused by the Banco Nacional has transformed the issue into a priority topic on the congressional agenda.

Revealing a position which is almost generalized in his party — the Liberal Front Party — and opposes the proposal to create a Congressional Investigating Committee [CPI], Gama said: The situation has become so complicated that not even a CPI will have the possibility of unveiling so many mysteries.

As a solution to the problem, he wants to see the special secretariat established as soon as possible.

Brazil: Cardoso To Defend Central Bank

PY0503011996 Sao Paulo GAZETA MERCANTIL
in Portuguese 1 Mar 96 Pp A1 B2

[Report by Vera Brandimarte]

[FBIS Translated Text] President Fernando Henrique Cardoso will actively engage in the coordination of the

actions to defend the Central Bank [BC] directorate in Congress. The position of Central Bank directors has been eroded by the reports on fraud in Banco Nacional operations. Yet, like it happened in another serious crisis involving former BC President Persio Arida, Cardoso will put government forces in the field to support the action, while he remains behind the scenes waiting for the outcome of the BC directorate briefing in Congress, scheduled for 5 March.

According to a Planalto Palace source, the president wants to prevent a new BC crisis from causing the creation of a Congressional Investigative Committee (CPI) for the financial system, which would hinder the voting on the reforms and which would agitate the banking sector.

Both Planalto Palace and the BC have denied reports that BC directors tendered their resignations during a meeting with the president in the evening of 28 February. The meeting addressed the strategy of the BC directorate and of Finance Minister Pedro Malan for their briefings in the Senate. After the meeting, a high-level government source told journalists that Cardoso was informed about the frauds that were being committed at the Banco Nacional in October, when according to the BC, the frauds were discovered. The source yesterday confirmed this report, claiming that a problem the size of the Banco Nacional fraud had to be reported to the president of the republic.

This leak to some extent served to lessen the isolation of the BC directorate, which was strongly criticized in Congress for having said that it was aware — at least since October — of what was happening with Banco Nacional accounts. In order to give a strong signal that everything is fine between Planalto Palace and the economic team, Cardoso yesterday invited Loyola and Malan for a dinner reception at Alvorada Palace to honor UN Secretary General Butrus Butrus-Gali.

Central Bank leaders believe that Planalto Palace is aware that the difficulties that Loyola and Malan are facing have been caused by the effects of the Real Plan. The situation of the Banco Nacional, of the Economico bank, of Banespa [Sao Paulo State Bank], and of other banks worsened with the end of inflation and the loss of the income from "float" operations.

Says a BC source: "Stability ended up worsening the condition of old tumors in the system." Like in the financial area, other crises broke out in the past: in the agriculture sector, when Minister Andrade Vieira was strongly attacked by farmers; in the export sector, when it was affected by foreign competition and by the exchange rate; and more recently, the crisis caused by

the figures reflecting public accounts. "They are typical post-stabilization crises," the source added.

None of them, however, had the virulence of the disturbances in the financial sector. Despite this, the BC believes that the financial system crisis has already been tackled, and the point now is to resolve the problems it has produced, like the liquidation of Banco Nacional assets, which has already demanded 5.8 billion reais [R] from Proer [Program to Encourage the Reorganization and Strengthening of the National Financial System] funds, with liabilities amounting to R4 billion. In this liquidation process, the BC was more openly exposed. Despite the fact that BC agents discovered the frauds of forged Banco Nacional accounts only one month before the intervention, it is not clear since when the BC was aware of the financial difficulties of the institution.

Former BC President Persio Arida had already reported the Banco Nacional difficulties, a BC source said. Yet the idea was that they were only cash availability problems, of unknown magnitude. The BC still believes that the search for a buyer for the bank, despite everything, was the best solution. The BC, however, will have to convince Congress.

Brazil: Riot During Cardoso's Visit to Belo Horizonte

PY0503011696 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 4 Mar 96

[FBIS Translated Excerpt] There were riots during President Fernando Henrique Cardoso's visit to Belo Horizonte today. The police clashed with a group of demonstrators, and three people were injured.

Cardoso went to Belo Horizonte to officially open the school year. The demonstrators were waiting for the president in front of the convention center in which the new education program was to be set in motion.

The demonstrators were CUT [Sole Workers Center] members, the National Student Union, municipal teachers who have been on strike for almost a month, and employees of the Mendes Junior enterprise demanding payment of the debt that the government owes to the enterprise.

The riot began when the military police tried to drive demonstrators away. Three people were reported injured and three demonstrators were arrested.

The president, however, did not even see the demonstration. He entered through the back door and headed for the center's hall. [passage omitted]

Brazil: Threat To Make Sivam Approval Difficult
PY0503020296 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 4 Mar 96 Section 1 p 5

[Article by Lucas Figueiredo in Brasilia]

[FBIS Translated Text] At a time when the government is facing a crisis resulting from news about frauds in national banks, Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] is exerting pressure on Planalto Palace with threats of creating difficulties for the approval of the Sivam (Amazon Region Surveillance System) project in the Senate.

Magalhaes, who is the president of the supercommittee that has investigated the project, has sent a request to the Justice Ministry asking for the papers on the lawsuit about the phone-tapping case, which generated the Sivam crisis.

Magalhaes' attitude has surprised the administration, which considered the project practically approved.

"Until I analyze those documents, I will not send the report of the supercommittee to the Senate floor," Magalhaes said.

"I want to examine everything because the investigation conducted by the Justice Ministry may have been a farce," he added.

Magalhaes has been complaining to friends that, so far, the administration has not solved the Economico bank problem as it had promised to do.

Negotiations for Excel's purchase of the Economico bank are paralyzed. The Central Bank is refusing to disburse the \$2 billion required by Excel to reopen the Bahia State financial institution.

Magalhaes had announced that this week he would send the report of the supercommittee to the Senate floor, but this did not occur.

The report, which is favorable to the administration, was approved by a large number of votes in the supercommittee last month. The same is expected to occur in the Senate.

At a time when the debate on the project is getting bogged down in the Senate, Magalhaes is threatening to restart the investigations.

The Sivam crisis started with revelations about the tapping conducted by the Federal Police on the phone of Julio Cesar Gomes dos Santos, former head of the Planalto Palace protocol, in which Gomes dos Santos asserted to the Raytheon representative to Brazil, Jose Assumpcao, that he was going to intercede in favor of

the contract that had been signed by the administration and the U.S. enterprise.

Asked by FOLHA DE SAO PAULO whether he had changed his position in view of difficulties in selling Economico bank, Magalhaes did not answer.

Elcio Alvares (PFL-ES) [PFL-Espirito Santo], government leader in the Senate, played down the fact. "There is no problem at all," he said.

According to the PFL senator, "The Sivam case has been solved and the administration has other priorities to look after."

The Planalto Palace strategy is to avoid a clash with Magalhaes. The administration considered all obstacles to the project overcome, including the auditing work currently under way at the National Accounting Office [TCU].

FOLHA DE SAO PAULO found out that Adhemar Ghisi, rapporteur of the auditing operations, had revealed to some senators that the results of the TCU investigations would endorse the project. These results will probably be released in April.

Brazil: Charges Against 'Pink File' Politicians Dismissed

PY0203034396 Rio de Janeiro Rede Globo Television
in Portuguese 2300 GMT 29 Feb 96

[FBIS Translated Text] The Federal Supreme Court [FST] has dismissed the charges against the congressmen who allegedly received money during their election campaigns. For the FST, the charges against the 10 congressmen quoted in the Economico Bank pink file documents were weak and did not justify filing a lawsuit against them. The charges against former Economico Bank owner Angelo Calmon de Sa for tax evasion and white collar crimes have been maintained.

Brazil: Privatization of Telecoms Market Assessed

BR0503093596 London COMMUNICATIONS
INTERNATIONAL in English Jan pp 4-6, 8

[Article by Vineeta Shetty: "Ripe for Reform"]

[FBIS Transcribed Text] The Brazilian word for intend is "pretend", and foreign investors are keeping their fingers crossed that these words will not prove interchangeable when the government declares its measures for 'flexibilisation' of its basic telecommunications services this spring.

Towards the end of November 1995, the government confirmed that it would split the monolithic Telebras—the state-owned holding company—into six autonomous

corporations, or 'Baby Bras,' in preparation for a sell-off.

Foreign investors had spent anxious months wondering what the government intended to do. This summer, it seemed as if the government was reversing the rules of state ownership of the major sectors, reinforced only as recently as the mid-1980's. Brazilian president Fernando Henrique Cardoso worked hard to win Senate support to amend the constitution so that state corporations could grant concessions to private operators in areas such as electricity, railways, oil and gas.

However, under pressure from the unions, and in the light of its strategic significance, telecoms was omitted from the new legal regime which oversees the concession of public services in general. A separate law will be necessary to liberalise this sector, following a consultation process over the next few months.

Feeding a hungry economy, whose GDP is US\$100 billion above that of Australia, and meeting rapidly rising expectations from one of the most highly-evolved consumer markets in the southern hemisphere, is no easy mandate.

Goal!

The government needs \$40 billion of fresh investment over the next five years to bring supply and quality in line with demand, which is expected to soar above 18 million main lines by the end of 1999. About 90 percent of the subscriber lines in Brazil are operated and planned by 27 statewide operators under the Telebras flag. The rest, such as the city of Londrina, are served by metropolitan or regional administrations. The city of Ribeirao Preto is served by a municipal operator, CTRP; in the state of Rio Grande do Sul the operator CRT has 60 percent participation from the State and 40 percent from Telebras; and in the state of Minas Gerais there is a wholly private operator, CTBC. Telebras has set itself the goal of installing an average of one million new lines per year.

An improving national economy and control of galloping inflation notwithstanding, foreign capital, either for the national operating company or for private service providers, is seen as the only way to achieve this ambitious goal.

A parallel pressing need in Brazil is for an independent regulator. Brazil is a modern and adventurous society let down by arcane traditions which mean, for instance, that bids are still awarded free by presidential decree. Under new rules, bidding is to become more transparent and it is said that licences will be awarded on the basis of merit—to the highest bidder or best qualified one.

The Brazilian Congress will kick off the new process by pushing through a bill to allow the private sector get involved in areas such as cellular phones and satellite services. Although no interconnection and revenue-sharing agreements have been worked out with Telebras, the first concessions in digital cellular could be put out by February and licences may be issued as early as April this year.

Digital cellular is an area of particular interest for standards bodies, since Brazil has the distinction of having the largest country-wide analogue network with automatic roaming and it is now making decisions about the new system.

To their delight, foreign operators found that new rules will allow non-Brazilians to hold 49 percent of shares in concessions. AT&T, for instance, which has tied up with broadcaster Globo in the hope of bagging a cellular licence, expected to have a lower stake of 20 percent in its joint venture and so this new announcement has come as a bonus.

The Rules of the Game

But in Brazil's proudly nationalistic climate, private, and particularly foreign, competition against Telebras is unlikely to win congressional approval until new regulations are drafted to protect the state-controlled company.

"We are already in the process making Telebras lighter, but the company needs more freedom to be competitive," says Ronaldo Albuquerque, wireless director in the Ministry of Communications.

Generally, those working in around Telebras feel that they are constrained by undue bureaucracy and overt political interference.

For example, the rules for tendering imposed by Congress are involved and tie the hands of the operating companies. One of the prime challenges to former Telebras president Lelio Viana Lobo was persuading the ministry to accelerate the tender process. "For instance," he points out, "we cannot buy from new companies in the cellular industry."

In late November, Lobo was appointed as Minister of the Air Force and was replaced by Fernando Xavier Ferreira, formerly executive secretary at the Ministry of Communications.

Telebras also complains about the price caps that the ministry imposes on it. Loquacious Brazilians enjoyed a fee structure of 61 cents per month when Lobo was at Telebras, which covers 90 free pulses. Of this, Lobo pointed out 21 cents went to taxes, leaving monthly

revenue of 40 cents per subscriber. "We simply cannot manage with this structure," he says.

At the beginning of December the fee structure was increased from 61 cents to \$3.74 for residential services and to \$13.05 for business services.

To support one of the lowest local rates in the world, long-distance costs are kept high. This particularly disadvantages Embratel, the international carrier which also takes long distance, value-added traffic and acts as the Telebras carriers' inter-state network.

According to figures by Cambridge, Massachusetts-based analyst Pyramid Research, Embratel earned operating revenues of close to \$1.4 billion in 1994, capping an average growth of 5.7 percent over a five-year period.

Commentators note that, as a result, Embratel is often regarded as a cash cow. Dilio Sergio de Penedo, president of Embratel, says the company does not have the freedom to set rates and compete with other Latin American carriers for regional hubbing.

Users, such as Helio Machado, network manager for Volvo de Brasil, point out that price is high for per minute international calls as well as for data traffic. "We also need access to resources such as videoconferencing with our dealers all around the country," he says.

Playing to Win

Embratel has undertaken an ambitious investment programme of more than \$500 million a year. It operates X.25 as well as a digital network with 2Mbit/s links in major cities. Like Telebras, however, it has been hampered in integrating new technologies into the backbone network, because of politically-dictated choices over the equipment it should be using.

Ambitious projects like its proposed Rede Nacional Alta Velocidade (Renav), an ATM-based high-speed backbone network to connect cities, have also been tied up in ministerial red tape. Trials of Renav are being held in three cities using universities as beta sites, but the last mile is proving to be a problem for wider implementation.

The official reason given is that providing access to those locations is not a priority for the local operator. But industry insiders say that often such requests from Embratel clash with its ambitious and politically powerful siblings, such as Telesp, Telebrasilia and Telerj, who operate local and intrastate services in Sao Paulo, Brasilia and Rio de Janeiro, respectively.

The operating companies maintain that a public notice issued in 1988 revised Embratel's monopoly on long-distance value-added services.

The operating companies say it was done to enable local operators to, exploit new technologies quickly to serve their business customers. Operating companies can offer services such as packet data at prices lower than Embratel's, because of their control over subscriber access. They also round on Embratel for obtaining their lines below cost and then reselling them at a premium to big business customers.

Shifting boundaries of technology and markets are issues that will have to be harmonised by the ministry before global capital is invited to buy into Latin America's hottest telecoms property.

An influx of foreign investment, properly directed, could quickly increase Brazil's industrial strength and national wealth. However, this can only be achieved by freeing the sector from the shackles of political preference and interference which characterises Brazilian telecoms today.

Chile

Chile: Government Condemns Terrorist Attacks on Israel

PY0503024496 Madrid EFE in Spanish
2036 GMT 4 Mar 96

[FBIS Translated Text] Santiago, 4 Mar (EFE) — Today the Chilean Government condemned the new terrorist attacks on Israel, perpetrated by the radical Palestinian group "Hamas," in which dozens of Israelis died.

In an official declaration, in addition to strongly repudiating the attack and expressing its sympathy, the Chilean Government voices its "most strongest protest and condemnation to terrorism and violence."

At the same time it voiced its hopes that the state of Israel and the Palestinian authorities will be able to help clarify these crimes to prevent them from happening again.

In the meantime, Pinchas Avivi, Israeli ambassador to Chile, met with Chilean Foreign Minister Jose Miguel Insulza to request that Chile condemn these crimes and join the appeals for Palestinian president Yasir 'Arafat to "react appropriately against terrorism."

Chile: Insulza Says No Mediation With Bolivia Needed

PY0403191796 Madrid EFE in Spanish
2149 GMT 1 Mar 96

[FBIS Translated Text] Santiago, 1 Mar (EFE) — Chilean Foreign Minister Jose Miguel Insulza stated today that there is no territorial conflict between Chile and Bolivia that requires arbitrations or mediation of any type.

According to reports from La Paz, Cardinal Pio Lagui said the Vatican is reportedly willing to offer its good offices on the Bolivian landlocked situation, provided both countries show a desire for dialogue.

The Chilean foreign minister said: "There is no territorial conflict (between Chile and Bolivia), there is no border conflict, and nothing that requires an arbitration or mediation, or anything of the like."

Insulza added that the government "has always said that in bilateral matters between two states, there is no reason for others to intervene."

Chile and Bolivia broke diplomatic relations in 1978 following the failure of negotiations to give Bolivia an outlet to the sea.

The two countries, however, have strongly increased their economic and trade relations over the past few years.

Chile: Attorney Named OAS Human Rights Commission Head

PY2902134696 Santiago EL MERCURIO in Spanish
27 Feb 96 p C1

[FBIS Translated Excerpt] Chilean attorney Claudio Grossman, who is an intellectual, has said his appointment as chairman of the OAS Human Rights Commission is recognition for the Chilean juridical tradition.

This is the first time a Chilean has been appointed chairman of the above-mentioned commission.

Grossman was elected chairman of the Interamerican organization at 1330 on 26 February at the Human Rights Commission headquarters in Washington D.C. He was unanimously appointed chairman by the seven members of the commission as established in the statutes. [passage omitted]

Foreign Minister Jose Miguel Insulza voiced satisfaction over the appointment of Grossman, whom he described as "a great friend and an excellent professional." He said that his appointment confers a great honor on the country.

He added that the Chilean Government fully respects his autonomy as head of this organization, and fully trusts in his capacity to discharge his post.

Chile: New Measure Seeks To Fight Money Laundering

PY0103213396 Santiago EL MERCURIO in Spanish
23 Feb 96 pp A1, A15

[FBIS Translated Text] As of 1 March, a receipt should be issued for every foreign currency transaction in the official market amounting to more than \$10,000.

This measure was announced by the Internal Revenues Office (SII), as a means to help prevent the laundering of money and tax evasion.

According to the SII, which is subject to the Finance Ministry, the resolution thus seeks to respond to the increase in the volume of the transactions experienced by the free market recently.

The informal, free, or parallel market of currencies does not officially register its transactions. This market is primarily comprised of the exchange houses, although some stockbrokers also operate in it.

The problem of fighting money laundering has become a main concern of the Chilean authorities. In fact, many sectors have voiced the need to improve the laws currently in force.

Some days ago, Acting Interior Minister Belisario Velasco announced that the government is thinking about submitting some amendments on the subject to be included in the Banks draft bill currently being debated in Congress. The Banks Association has submitted its proposals on the issue to the Chilean authorities.

Although no government representative has mentioned possible figures of money "laundered" in Chile, PPD [Party for Democracy] Senator Sergio Bitar some days ago reported that the amount of money involved in this crime amounted to around \$500 million. In the meantime, DC [Christian Democratic Party] Deputy Ignacio Balbontin said he had information that a UN report estimates that some \$1 billion is "laundered" per year in Chile.

In 1990, the SII determined the exchange system in the informal market, through Resolution No. 1420. Before then these operations were carried out illegally, in what is known as the black market.

Basically, what the resolution established was that a person who usually did not make these transactions could do so with the mere issuance of a slip, while the market operators were compelled to issue a receipt.

The following are the main amendments to Resolution No. 1420 of 1990 contained in Resolution No. 806 of 1996:

"1. Individuals or entities that deal with foreign currency or gold in the form of coins, tokens, or ounces must issue a receipt for every sale to individuals who do not usually carry out that sort of transaction and for the sale of foreign currency, either in bills, coins, or travelers checks, for an amount equivalent to more than \$10,000, according to the exchange rate for the sale of the currency involved in the mentioned transaction published by the Central Bank of Chile the day before the transaction."

"2. The individuals or other entities that purchase or sell foreign currencies or gold in the form of coins, tokens, or ounces must issue a receipt for every purchase from individuals who do not usually carry out that sort of transaction and for the purchase of foreign currency, either in bills, coins, or travelers checks, for an amount equivalent to more than \$10,000, according to the exchange rate for the currency involved in the mentioned transaction published by the Central Bank of Chile for the day before the transaction."

The amendment also states that three copies of each purchase or sale receipt should be issued.

Moreover, the third copy should be sent by the issuer, with the list of the attached documents, to the SII branch of his jurisdiction, for the purpose of future auditing. This information may also be used by the State Defense Council [CDE] to investigate operations linked to money laundering.

SII Director Javier Etcheberry explained that, thanks to the new resolution, the SII will have a copy of the receipt issued for each transaction a month later.

He said that in addition to fighting tax evasion, they will be able to obtain information for the CDE whenever it may request it.

According to Law No. 19366, which sanctions drug trafficking, the CDE may request, through a court order, the confiscation of documents, information on current accounts (lifting the bank secrecy) and enterprises concerning which there are grounds to suspect that they are involved in money laundering.

This crime is perpetrated and investigated when there is no way to justify the origin of the money used in the transactions. In this case, and if it is suspected that the money is generated by drug trafficking, the people involved are investigated and sanctioned should they be found guilty of money laundering.

Not only the owner of the ill-gotten money but also all those persons involved in laundering it, the managers of the financial enterprises or services involved in such transactions are sanctioned for this crime.

When asked what consequences the measure will have on transactions carried out in the free market, Javier Etcheberry said that the volume will not be altered, except for some specific cases of illegal capital.

He said: "The amount established is the same as that in the United States, where any transaction for more than \$10,000 must be reported to the Internal Revenue Service."

The exchange houses responded to the SII resolution with a certain indifference and mixed feelings. Some even refused to comment on it.

Others said that the measure should not cause a decline in the transactions, at least those that are legal.

Ulises Diaz, manager of the Guinazu exchange house in El Bosque Norte, stated: "It is likely that this new procedure may somewhat bother or affect infrequent clients, but not the regular ones who represent the majority."

The procedure by no means affects regular clients because the previous resolution already required the issuance of a receipt.

According to some operators, this is the case of the majority of the houses. One commented: "Although there are other offices that operate without the corresponding permit, and they operate somewhere or another, it is not easy to detect."

Chile: State Files First Suit in Money Laundering Case

PY0403150196 Madrid EFE in Spanish
0101 GMT 2 Mar 96

[FBIS Translated Text] Santiago, 1 Mar (EFE) — The State Defense Council today filed the first suit for a money laundering case in Chile, in which some public officials are supposedly involved but whose names have not been revealed.

The report was confirmed by Luis Bates, president of said council, who explained that the suit is based on the Antidrug Law that has been in effect since the beginning of 1995.

Bates said that as this is the first money laundering suit, and because the law expressly states that it must be secret, the names of those involved will not be revealed, although it was leaked to the local press that it involves mid-level public officials.

He added that for the sake of prudence not even the court where the suit was lodged will be identified, to guarantee the success of the investigations.

Meanwhile, Clara Szczaranski, lawyer of said council, said the secrecy of the suit will also facilitate the adoption of measures to paralyze further financial movements related to the case.

Chile, with an open economy and practically with no barriers on the entry of foreign capital, is considered vulnerable to money laundering.

A recent UN world report on money laundering and drugs stressed the progress achieved by countries following the promulgation of said antidrug law.

This law includes specific measures against the processing of drug trafficking money, of which more than \$500 billion per annum is "laundered" worldwide, according to UN figures.

Chile: UCCP Seeks To Reactivate Opposition Alliance

PY2902140496 Santiago *EL MERCURIO* in Spanish 24 Feb 96 p C2

[FBIS Translated Text] The decision to reactivate the opposition pact on the basis of sound programmatic coincidences and not as a merely electoral accord emerges as one of the main pillars of the strategy being promoted by the Progressive Center Center Union [UCCP].

Francisco Javier Errazuriz, main ideologist and only senator of the UCCP, said the growing towards the center of the political spectrum is the only possibility for the rightist alliance to succeed.

In the past few weeks UCCP members maintained an active round of talks with leaders of the National Renewal Party [RN] and the Independent Democratic Union [UDI] in an effort to reorganize the center-rightist alliance so that it can become an effective government alternative to the CCPD [Coalition of Parties For Democracy].

These negotiations are encompassed in the political tasks outlined in the most recent meeting of the UCCP general council last November. UDI and RN representatives were invited to attend the meeting which came at a time when the two parties were distanced over disagreements on the constitutional reforms.

Although the UCCP and the UDI reject the constitutional reforms, Errazuriz is quick to answer that this position should not be a condition to reinstate the opposition alliance as proposed by UDI President Jovino Novoa. Errazuriz also voiced disagreement with the RN

position on constitutional reforms and with the affinity between RN President Andres Allamand and the administration on this issue.

Chile: Senator Interviewed on UCCP, Constitutional Reforms

PY2902194596 Santiago *LA TERCERA DE LA HORA* in Spanish 26 Feb 96 p 8

[Interview with Senator Francisco Javier Errazuriz of the Progressive Center Center Union, UCCP, by Juan Andres Quezada in Santiago; date not given]

[FBIS Translated Text] [Quezada] Aren't you afraid of a "tremor" within the right?

[Errazuriz] I am more afraid to see Chile continue on the same political path of last year. I call on the government to concentrate on the economic and social issues this year because it was the commitment made by President Eduardo Frei with the people, a commitment that has not yet been fulfilled. This is why in the next elections, the people will strongly protest the government's political chicanery.

[Quezada] Is the right nervous about the constitutional reform proposal?

[Errazuriz] The constitutional reforms have been agonizing for a long time and the recent tremor was nothing more than the last kick of the bucket.

[Quezada] What will happen to the constitutional reforms?

[Errazuriz] What everybody suspects will happen in March. The Senate will reject the government bill because the majority of the National Renewal [RN] senators are tired of saying they disagree with the reforms. There are some people in RN who are telling their senators to vote in favor of the reforms and later propose changes through observations. In this case the Coalition of Parties for Democracy [CPPD] will vote against the observations. As there will be no agreement, I propose that the bill be withdrawn, that President Frei ask the Senate to seek for a new agreement, and that the reforms be voted on in 1997.

[Quezada] How were the reforms proposed?

[Errazuriz] President Frei proposed reforms on human rights and the Socialists told him they disagree. In an effort to have the proposals approved, the government offered the socialists constitutional reforms. The Socialists said the reforms were good and the government began to negotiate with RN President Andres Allamand. The government and RN reached an agreement, which is currently known as coincidences.

[Quezada] Are you angry at Allamand?

[Errazuriz] In the UCCP General Council, I called on Andres Allamand to change his position and to join the Union for Chile Pact, because I don't see this as an internal struggle, and also because everybody's support is needed to win. Some members of the pact told me I was making a mistake calling on a person who creates a diaspora around him.

[Quezada] Do you think you are making a mistake?

[Errazuriz] No, I don't think so because of the facts. Allamand's attitude led to the division of the National Union between the UDI [Independent Democratic Union] and RN in 1988. It also led the National Vanguard and the Radical Democracy to stay out of the pact in 1989. In 1991 Allamand was responsible for the RN General Council decision to break with the "errazurists." Also the following year, we were able to reach a pact after midnight because Allamand created all kinds of problems to prevent unity. Last year, Allamand again created a diaspora with his support for the constitutional reforms, thus dynamiting the right again.

[Quezada] What do you think of the Ricardo Lagos administration?

[Errazuriz] He is doing a good job because he understood that this is not a static world as he advocated in the past. In addition to that, he found a senator (Errazuriz) who heads the Public Works Committee, who far from making things difficult, he "sweat a lot" in his effort to cooperate with him.

[Quezada] Who would you vote for in the next elections, for Lagos or Allamand?

[Errazuriz] I will vote for the candidate of the Union For Chile Pact, except if Lagos and Allamand — you forgot to put me on the list — decide to support Errazuriz, which is a much better alternative than the other two. (Errazuriz laughs, saying this is a joke.)

[Quezada] Would you vote for Andres Allamand?

[Errazuriz] To be honest with you, I am not willing to vote for Allamand as presidential candidate because if he wins I don't believe he will be a good president. But if the pact decides to support him, of course I will work for him.

[Quezada] Would you be willing to reach an agreement with the CPPD?

[Errazuriz] If the UCCP and the CPPD agree with the program I propose, obviously the UCCP could be part of the coalition. But I feel this will be much easier to happen with the Union for Chile Pact.

Chile: President Appoints New Justice Under Secretary

PY2902134596 Santiago EL MERCURIO in Spanish
24 Feb 96 p C4

[FBIS Translated Excerpt] On 23 February, President Eduardo Frei Ruiz-Tagle appointed attorney Jose Antonio Gomez Urrutia as the new justice under secretary. Gomez is a member of the Democratic Socialist Radical Party [PRSD].

He replaces PRSD member Eduardo Jara Miranda, who became the new Chilean ambassador to Nicaragua. Former Senator Laura Soto, who is also a PPD [Party for Democracy] leader, served as ambassador to that country until a few weeks ago. [passage omitted]

Chile: Air Force Explains Satellite Project Problems

PY2902004396 Santiago EL MERCURIO in Spanish
23 Feb 96 p C1

[FBIS Translated Excerpt] A loss of energy in the system of the explosive elements that had to cut the bolts holding the Chilean FASat-Alfa satellite to the Ukrainian Sich-1 prevented the operation of the first Chilean satellite.

The result of an investigation of the Chilean Air Force [FACH] that was carried out along with another by the British company Surrey Satellite Technology Limited (SSTL), which gave the same result, put an end to the controversy about which company (of the three involved in the project) was responsible for the failure of the first Chilean satellite to go into orbit when the Ukrainian satellite Sich-1 was launched on 31 August 1995.

The FASat-Alfa, which was to go into a polar orbit 650 km above the earth after separating from the Ukrainian satellite, did not because of that problem. [passage omitted]

One of the objectives of the investigations carried out by the FACH and by the SSTL was to determine the mistakes made to prevent them from reoccurring in the process of building and launching the future FASat-Bravo satellite, which is already being built by engineers of the FACH.

Recently the FACH and the SSTL signed an agreement for cooperating in building the new satellite, which will be launched by a Ukrainian rocket, probably from the Baykonur cosmodrome in Kazakhstan.

It was reported that the possibility of working with the Ukraine again is not only based on the low cost in comparison with the Chinese, French, and U.S. launchers,

but also on the high effectiveness and efficiency obtained by the cosmodromes of the former Soviet Union in launching all types of satellites. [passage omitted]

Colombia

Colombia: Plans To 'Minimize' Decertification Developed

PA0403140096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 4 Mar 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Colombia is preparing a number of judicial, police, and international policy strategies to minimize the effects of the U.S. decertification of its struggle against drug trafficking, government sources have announced.

Washington decertified Colombia on 1 March, triggering nationalism and feelings against the United States to the extent that the Colombian Government has accused the U.S. of meddling in its internal affairs.

The chapter on Colombia presented by Assistant Secretary of State Roberto Gelbart mentioned but did not value the results of Colombia's struggle against drug trafficking, which in 1995 permitted the dismantling of the Cali Cartel, the arrest of its leaders, and the destruction of 30,000 hectares of illegal crops, more than 500 laboratories to process drugs, and clandestine landing strips.

To reduce the impact of the decertification, the Samper administration is studying the possibility of presenting a bill to prevent judges from unduly granting benefits to drug traffickers. In addition, Colombia will send a mission to London to define the signing of a bilateral agreement with the UK, will intensify the fumigation of illegal crops, and will review the U.S. program of support to its judicial branch.

In countering possible economic and commercial sanctions, the government will intensify its commercial relations with Europe, China, and Japan.

Colombia: Ministry To Refute U.S. Decertification Report

PA0403224896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2200 GMT 4 Mar 96

[Report by Gilbert Vega from Narino Palace]

[FBIS Translated Text] The government will request the U.S. State Department report that denied Colombia the certification in the struggle against drug trafficking, in order to respond, point by point and refute its incoherencies and inaccuracies, Foreign Relations Minister

Rodrigo Pardo has just reported, at the end of the Council of Ministers meeting.

[Begin Pardo recording] The Foreign Relations Ministry has been tasked with responding to the U.S. State Department report supporting the decertification decision. In the course of the present week, we will answer, point by point, the great number of inaccuracies and incoherencies in this U.S. State Department document. [end recording]

This decision is part of the measures the government will adopt to prevent the effects of the decertification and reprogram U.S. cooperation with Colombia in the struggle against drug trafficking.

Colombia: Police Director Speaks on Antidrug Objectives

PA0503024696 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 5 Mar 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission Television at 0100 GMT on 4 March]

[FBIS Translated Text] National Police Director General Rosso Jose Serrano has spoken about the decertification. He said that the police have fulfilled all their objectives in the struggle against drugs.

[Begin Serrano recording] In spite of the decertification, we are going to continue this struggle with enthusiasm, as we have always done. This struggle has been taking place for many years out of conviction, because we have our conscience clear that we have done it in the country's best interest.

The National Police presented its results; the National Police did its job. The National Police was tasked with some goals, and I believe we fulfilled them. Consequently, we are satisfied, we feel honored, and we will continue. [end recording]

Colombia: Nation To 'Reconfigure' Antidrug Ties With U.S.

PA0503024896 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0000 GMT 5 Mar 96

[Report by Juan Carlos Mateus; from the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission Television at 0100 GMT on 5 March]

[FBIS Translated Text] President Ernesto Samper today began to reconfigure antidrug relations with the United

States. The president requested from his ministers a report on each of the current agreements with the United States to evaluate continuance under current circumstances.

Finance Minister Guillermo Perry will begin talks with the entrepreneurial community in New York to avert great damage to the Colombian economy.

The foreign minister is to respond to what he called State Department inexactitudes in the antidrug struggle.

[Begin Foreign Minister Rodrigo Pardo recording] One asks oneself why the United States questions the cooperation when U.S. agencies take direct part in this cooperation. One cannot but reject that this cooperation is valued in a positive way when it comes to evaluating the agencies' work, but negatively when it comes to evaluating the Colombian Government. [end recording]

The Washington Embassy, in turn, will begin a new process in the U.S. Congress to explain the situation Colombia has been left in.

[Begin Pardo recording] We are going to simply counter the effect of the image left on the country, which has been caused by publications that during these days are questioning the struggle against drug trafficking in Colombia. [end recording]

Colombia: Sentencing of Drug Traffickers Reconsidered

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[From the "Seven O'Clock Newscast"; monitored from a retransmission by Lima Sistema Unido de Retransmission at 0100 GMT on 5 March]

[FBIS Translated Text] Even though Justice Minister Carlos Medellin refuses to admit it, another government response to the decertification was the one he submitted on 4 March. He announced the willingness of the Ernesto Samper's government to toughen its position on drug traffickers.

[Unidentified reporter] The government will propose much longer sentences for drug traffickers in the next few days. In addition, Justice Minister Medellin on 4 March affirmed that the policies to surrender to justice have failed, because the sentences that correspond to them are simply ridiculous.

[Begin Medellin recording] We are seeing the first sentences with the Cali Cartel: eight years, seven years. This is the policy to surrender to justice, which I must say is a failure and must be revised. [end recording]

[Reporter] Medellin also announced the creation of an elite prison surveillance body formed exclusively by armed forces officers to guard drug trafficking leaders.

[Begin recording] [Medellin] At these schools, these people are not trained to guard the drug trafficking leaders and major international criminals. It must be an institutional response from the state, the public forces, and the state in general.

[Reporter, in progress] ...Army, Police, and Navy officers?

[Medellin] It is an elite force within the public forces and the INPEC [National Prison and Penitentiary Institute] that would take control of these maximum security wings. [end recording]

The justice minister admitted that due to the drug traffickers' capacity for corruption, the possibilities of them escaping from the maximum security prisons are considerable.

Colombia: Stock Exchange 'Calm' Despite Decertification

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[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission at 0100 GMT on 5 March]

[FBIS Translated Text] Despite the political blow, the Stock Exchange received the announcement of the decertification without any changes. The dollar rate did not alter noticeably either.

[Unidentified reporter] When Santiago Medina and Fernando Botero spoke, the stock market felt the effects immediately; many stocks plummeted. By contrast, the decertification did not trigger the setbacks that many people forecast.

[Begin Colombian Stock Exchange President Carlos Caballero recording] I believe that we could say that it is a self-sustained market that remained calm, at least on 4 March. The dollar did not act strangely either; it reported a minor downturn that can be perfectly explained. [end recording]

[Reporter] The business associations did keep complaining. At a new meeting the National Business Council held on 4 March, businessmen pointed out that the decertification would have an impact on the economy, especially in such sectors as tourism.

Colombia: Column Views U.S. Decertification Aftermath

PA0203200696 Santa Fe de Bogota EL TIEMPO
in Spanish 29 Feb 96

["Opinion" column by Enrique Santos Calderon: "An Unnecessary Big Stick: The Certification Is an Unfair Mechanism That Reflects a Wrong Strategy" — received via Internet]

[FBIS Translated Text] Exactly one year ago I wrote in this column that I thought I was not the only Colombian who was fed up with the darned issue of the certification. This issue had been given a disproportionate importance, as if the future of the economy or Colombian institutions depended upon Washington's assessment of Colombia's antidrug policy.

The crisis surrounding President Samper has increased this year's anxiety and nervousness in the face of a possible decertification (we will find out tomorrow). But I don't think that the Clinton government will make such a decision, which would weaken the questionable U.S. international strategy against drug trafficking.

The Clinton administration will most likely recommend that the Congress issue a conditional certification, with an included reprimand for the Samper government and some conditions and warnings. But even if the decertification is recommended, it would not have for Colombia the catastrophic economic effects some have predicted.

The immediate damage would be more in the political and psychological area, as well as in the national image. We would be included on the list of "pariahs," like Syria, Burma or Iran; relations with the United States would deteriorate; and a nationalistic anti-Yankee feeling would be encouraged, which would not benefit foreign investment.

But the main argument against the decertification is the fact that, outside of the fact that it would impose unjust penalties on healthy sectors of the Colombian economy (flower exporters, for instance), it would not have any effect on drug consumption in the United States or on drug traffickers. On the contrary, a decertification would benefit drug traffickers, because Washington would have to withdraw its antidrug programs and agencies.

It is evident that the accusations against President Samper have complicated the scene. Some officials and many congressmen in the United States believe the decertification must be used as an instrument to force Samper's ouster. And even though Washington has made it clear its policy is not to overthrow the president, it does recognize that Samper's continuity in office will not benefit bilateral relations. The Clinton

administration has also reported that it does not trust in the Colombian Congress as a forum to guarantee an impartial investigation of the president.

But beyond the problem of Samper, which is primarily a national problem (it would be sad if Samper's ouster were caused by foreign instead of domestic demands), we should analyze the certification process that the United States imposes on countries producing drugs (be it marijuanam, hashish, heroin, cocaine...) which its citizens consume so eagerly. This explains the prosperous and illegal economic dynamics in international drug trafficking.

As the Government of Mexico (another country threatened with a decertification) correctly stated, the United States lacks authority to penalize other nations for a problem for which it is mainly responsible and which it has been unable to solve in its own territory.

In addition, the certification, apart from its arrogant imperial flavor, is in itself a wrong mechanism, which reflects a false premise about the U.S. strategy: the premise that it can solve its drug problem outside of its borders. None of the antidrug battles the United States has waged on other countries have resulted in a reduction in the domestic use of drugs. This was even recognized by new "antidrug czar" General Barry McCaffrey, when he said one month ago that, in spite of all efforts in Latin America (where he served as top leader of the U.S. military force), "there has not been a reduction in the price or the amount of cocaine offered on U.S. streets. (quoted by Peter Hakim in the CHRISTIAN SCIENCE MONITOR of 22 February 1996).

The decertification, thus, of a country such as Colombia or Mexico not only harms those countries but also reveals the failed U.S. strategy to fight the drug problem. Besides, it fuels the feeling that the Washington's only concern with regard to its policy toward Latin America is drug trafficking.

It may be worth repeating for the umpteenth time that the war on drugs, as it stands, is lost. As long as it is considered illegal, the drug trafficking business will remain profitable and generate corruption and violence.

Even the most conservative sectors of U.S. intellectual circles recognize this today. In its most recent issue, the influential NATIONAL REVIEW magazine poses the need to study ways to legalize drugs. The war on drugs has failed — it said — because it has distracted officials from thinking of other ways to treat the problem of addiction, has wasted enormous resources, and has encouraged the use of criminal and legal procedures associated with police states.

One final thought: It is alright for the United States to help us fight an evil that has caused us so much harm, violence, and corruption. It is alright for them to warn us of the methods drug traffickers are using to penetrate and infiltrate. But a decision on the removal of a leader, who through his actions or lack thereof has been tied to drug trafficking, should be the free and sovereign decision of a particular country. Should a country fail to act for lack of ability or intention, or perhaps its people lack a basic understanding of political ethics and national dignity, that country then deserves its fate.

Colombia: Prosecutor Requests Extradition From U.S.

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[From the "Seven O'Clock Newscast"; monitored from a retransmission by Lima Sistema Unido de Retransmission at 0100 GMT on 5 March]

[FBIS Translated Text] The Prosecutor General's Office has asked the Justice Ministry to request the extradition of (Fabio Puyo Vasco), the former manager of the Santa Fe de Bogota energy company and the main suspect in the disaster at the El Guavio hydroelectric plant. It seems Puyo lied to justice when he explained the origins of his large fortune.

However, it is not clear how Colombia can request from the United States the extradition of a citizen, when it does not extradite anyone.

[Unidentified reporter] The Prosecutor General's Office asked the justice minister to ask the United States to extradite Puyo, who is abroad and against whom an arrest warrant has been issued. According to the Penal Procedures Code, the extradition could be requested for crimes that have a minimum four-year sentence.

A new arrest warrant was issued against Puyo for the alleged crimes of lying in the depositions, forging private documents, forging public documents, and conspiracy to commit crimes.

The measure was taken after it was determined that Puyo had used ghost companies in Venezuela to justify his wealth. It was unofficially learned that Puyo's U.S. visa has expired. This is why there could be a faster process than an extradition, a deportation.

Colombia: Paper Publishes Excerpts of Botero Depositions

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SIGLO in Spanish 26 Feb 96 p A8

["Excerpts" of depositions by former Defense Minister Fernando Botero on Case 8000 before the Prosecutor General's Office in Santa Fe de Bogota; date not given]

[FBIS Translated Text]

Covering Up Campaign Events

"It is evident that I came to the ministry with the objective of knowing in detail and as fast as I could of the reality typical of high-ranking government officials. This initial objective was adversely affected, to a large extent, by the fires I had to put out since my first day on the job. Putting it succinctly, during my first week as minister, I had to face the Cali Police crisis, Colonel Velasquez's scandal, and the murder of Communist Senator Manuel Cepeda Vargas, all at the same time. While all this was going on, the guerrillas were staging what was dubbed the 'operation to bid farewell to Gaviria and to welcome Samper'.

"Approximately four to six weeks went by before I could start concentrating on the Cali cartel issue. During this time, I kept President Samper informed of all these events. I usually attended one or two meetings at the palace each week to deal with various topics pertaining to my ministry. In these collective meetings, which several ministers attended, the issues linked to the Cali cartel or campaign financing problems were barely, if ever, discussed. These discussions almost always took place during the weekly meetings I held with the president.

"These meetings did not have an exact time or date during the first months of the government. With a little pressure, I was able to set a meeting for Mondays at 1100 every other week, but these meetings started being held on a weekly basis because of the amount of issues I had to discuss privately with the president. We broached delicate issues at these meetings.

"During this time, I noticed that President Samper was very willing to support my drug trafficking plans, at least in abstract and general terms, but this abstract support started changing subtly and imperceptibly to the extent that as I was moving from the abstract and general to the concrete and specific."

Changes in the Military and Police Leadership

"In early November, I was sufficiently aware of the Defense Ministry's internal situation to feel that a change

in the military and police leadership was necessary. Regarding the military forces, the change stemmed from the pressure existing within the institution to engage in the 'pyramid movement,' because the commanders had already completed their two-year terms in their posts.

"It was evident to me that General Vargas Silva did not have the United States' trust to be in charge of a post so vital for the good development of bilateral relations. I requested the due authorizations from the president, who agreed with all my suggestions, except for two: the appointment of General Serrano as police director and the appointment of Bedoya as Army commander.

"Regarding Serrano, I told the president I would assume the responsibility for the mishandling of the police 'mini-crisis' that took place in September when Campos Silva and Rodriguez left the institution and Serrano was sent to Washington.

"At the time of the September 'mini-crisis,' President Samper had supported me, but he had insisted on the appointment of General Diettes as deputy police director because of the personal relations he maintained with him.

"The truth is the country did not accept the change, and the new Vargas Silva-Diettes police team started troubling me at the ministry.

"I made many mistakes in appraising the institution's internal situation, but as I became aware of my mistakes, I fortunately corrected them on time. I invited Serrano to play tennis at the Military Club and clearly told him that he did not have to see his trip to Washington as the step prior to his retirement from the institution and that it was exactly the opposite. I told him he would be back in Colombia as director general sooner than he expected.

"Samper was not convinced of the appointment, because he believed Serrano was too close to the DEA and too fond of Americans. It was an argument difficult to understand when the country was on the verge of bad, bilateral relations with the United States.

"The only manner in which the appointment could go through was the fact that I had already made a commitment with Serrano at the tennis court and that I would lose all credibility at the ministry if this commitment was not honored. Samper reluctantly agreed with the proposal, and the 'painful' retirement of Diettes from the chain of command came as a consequence.

"His opposition to Bedoya was more blunt. Samper argued that Bedoya was too identified with the 'hard-line' sector and would mess up the peace plan. I was

finally able to proceed with Bedoya's appointment only after several days of lobbying by me, Serpa, and Peace Counselor Carlos Holmes Trujillo."

The DEA Crisis

"In the month of October of 1994, if I recall correctly, Joe Toft, DEA outgoing head in Colombia, made some explosive statements to QAP Newscast. I was responsible for handling this crisis in Washington... With a bit of skill and diplomacy, I was able to have DEA Director Thomas Constantine come visit me at the Colombian Embassy residence to apologize before me, the government, and, above all, the Colombian people for the insulting and cutting remarks of Toft."

"I thought that with the above gesture this shameful incident should have been closed and we should have taken this opportunity to improve ties with the DEA and the U.S. Government. That is why, I was greatly surprised when I arrived in Colombia and found Samper and Rodrigo Pardo planning to demand the establishment of a new working method for the DEA in Colombia."

"What I perceived at that moment was a colossal political stupidity. I simply considered it absurd to look for a fight with the DEA, when the incident had been resolved. This decision of Samper and Pardo to go on with this had, in the end, very negative consequences for the country when, for instance, Robert Gelbard visited Colombia in the month of April of 1995 and, in general, poisoned the atmosphere of bilateral relations."

Relations With the United States

"In light of this, new differences began to appear between the president and Rodrigo Pardo, on one hand, and myself, on the other hand. My position was absolutely clear and transparent and, above all, pragmatic."

"For me, the government in its first 100 days of glory and popularity was bright with sunshine, but two large dark clouds loomed "behind Monserrate": the incident of the narcotics financing of the campaign and the relations with the United States."

"As a result, I thought, and so expressed in all meetings with the circle of advisers of Samper, that we should concentrate our efforts on dealing with these problems. First, it was necessary to have a strong policy to face drug trafficking, in general, and to face the so-called Cali cartel, in particular. Secondly, we should find ways to have excellent relations with the United States."

"But the president and his foreign minister were convinced that 'hard' positions from Colombia toward the

United States would result in these good relations. Evidence of this was the "big blow" they attempted to deal to the DEA, which Prosecutor General Valdivieso, [former Justice Minister] Nestor Humberto Martinez, [Director of the National Drug Directorate] Gabriel de Vega, and myself always staunchly opposed."

"A very secret and confidential document I sent to the president on 5 March 1995 about this issue states: 'It is necessary to proceed to normalize relations with the United States and build very positive relations with the Americans. I continue to believe that this is possible. In order to achieve this objective, a strategy consisting of multiple steps is required. To restructure relations, we should consider a totally different approach. A 'joint strategy' [preceding two words in English] should be adopted instead of unilateral positions and judging responsibility. Cleanliness and transparency must govern bilateral relations. Finally, the public support of the U.S. Government to the Colombian Government and its effort against drugs must be stated."

"In any case, I am convinced that these wrong maneuvers and many more I will describe further on contributed to the atmosphere of uneasiness that led to the difficult juncture of the certification in February of 1995."

Putting the Plans Into Action

"During the last quarter of 1994 I quickly advanced in the design of the strategy required to carry out an efficient action against the Cali cartel... In general terms, President Samper agreed with the analysis I made."

"In essence, my plan was the following: Replace General Octavio Vargas Silva with General Rosso Jose Serrano in the Police; change the Army commander in Cali in charge of operations; develop a healthy rivalry between the Police and the Army regarding results of the operations; include DAS Director Ramiro Bejarano in the general strategy; issue clear instructions, both to the Police and the Army, in the sense that they should seek healthy and productive relations with the office of the prosecutor in Valle del Cauca; develop a work relationship with the prosecutor general and assistant prosecutor general so they would participate in the operational aspects of this great effort; earn the Americans' confidence and include them in the effort; and, lastly, seek to undermine the Cali cartel's financial infrastructure, communication capabilities, transportation systems, and security systems before trying to develop the final offensive against its maximum leaders."

"President Samper may have agreed with the general guidelines of my analysis but this was not the case with the action plan I had in mind. There were many issues

that he did not agree with: The Americans' inclusion in the effort, the involvement of the prosecutor general's office at national and regional level in the planning and carrying out of operations, and giving information to the prosecutor general's office on the operations without first going through the government "filter."

"It became evident for me that as I moved from the planning stage to the actual possibility of an action, he began to express some subtle reserves. On one occasion, within the context of a weekly agreement, he more or less said I should not go so fast. The reason was he knew, through some parliamentarians who contacted him, that Cali cartel leaders were seriously interested in surrendering to justice, which means 'the whole problem will be solved for us.' It was quite clearly a word to the wise."

"On another occasion he stated his concern about the outbreak of a new 'narco-war' or the rise of a new wave of 'narco-terrorism' in the country if we acted in a 'hasty' and 'precipitate' manner at Cali."

"Based on these talks, in a visit to Cali shortly thereafter, I gave statements in the sense that 'there would be no new narco-war in Valle del Cauca.' These statements sought to 'neutralize' the political opposition front, in Congress and at local level, to the operations being implemented."

"In retrospect, the statements involved more costs than benefits but, curiously, Samper loved them — except for the use of the term 'narco-war.' According to his instructions, from now on it should be replaced with the term 'narco-terrorism.' I have already described some subtle reservations that Samper began to state regarding the development of an offensive against the Cali cartel."

"Then came another, more important argument. Samper notified me that various persons who 'knew the Cali cartel people,' members of the National Congress, had told him they were truly interested in surrendering to justice and they only needed some minimum guarantees from the Office of the Prosecutor General of the Nation for this to occur."

"I knew the offers were being made but I had doubts regarding their sincerity. Instead, I thought this was an intelligent strategy to delay the authorities' actions. At a given moment Samper, and Juan Fernando Cristo, proposed that I hold an informal meeting with some of the most prestigious journalists in the country to discuss an eventual surrender to justice by the leaders of drug organizations in Valle del Cauca. The following journalists were invited, as far as I remember: Felipe Lopez Caballero, Fernando Cano, Maria Ximena Duzan, and others."

"The strategy was to 'exaggerate' the reports on possible terrorist actions by the Valle del Cauca terrorists and 'prepare the groundwork' regarding the 'benefits' of a submission to justice that would thus prevent a new 'narco-war'."

"I considered acceptable the solution of a submission, if it occurred quickly, because I knew the arrest of the so-called Cali cartel leaders would be much more protracted and difficult than most of the government officials and/or high-ranking journalists could imagine. However, in my opinion, it was not the ideal solution."

"A submission would always raise a wave of suspicion on the government's eventual participation in the 'surrender,' if that surrender occurred at the prosecutor's office. Moreover, it was evident that the 'overwhelming success' which would dispel doubts about the government was an arrest of the capos."

"Two extremely important events occurred in the middle of this situation: The first letter from the Rodriguez Orejuela brothers to Samper (at least that I knew about) and the incident at the Intercontinental Hotel in Cali."

"It was a letter addressed directly to President Samper and signed by Miguel and Gilberto Rodriguez Orejuela. Furthermore, it was the original document. In the letter the Rodriguez brothers stated their respect and admiration for the president of the Colombian people. In a subtle manner they said that they had gladly 'joined the cause in due time' and had 'modestly' tried to help the cause, without any obligation.' Then they stated their astonishment about the persecution to which they were being subject by the government, the Office of the Attorney General, and the state when they had clearly expressed their interest in settling their legal situation with justice, naturally with the appropriate guarantees stated in the Constitution and the law."

"Samper, [Interior Minister Horacio] Serpa, and I met to discuss the famous letter, which we had learned about hours earlier. If there had been any doubts regarding the use of drug trafficking money in the campaign, which sounds impossible to me, it was clear Samper and Serpa could not have the slightest doubts after that. The letter undoubtedly caused great concern."

"I clearly said the government could not react to such a letter; adding it was necessary to send a clear message in the sense that the government does not accept any pressure... The meeting ended with the conclusion that it was necessary to send the message I had recommended, but that Serpa would nevertheless embark on the task of investigating the details regarding complaints about the harassment of relatives."

"If my memory does not fail me, when I got to the ministry on one of the Mondays of the month of November 1994, I received an Army intelligence report that indicated that the first communion party of one of Miguel Rodriguez Orejuela's daughters had been raided the previous Friday or Saturday. The report was very critical of the way the operation had been carried out."

"I found the issue to be sufficiently important to call the President and tell him what had happened exactly as I had been informed of the incident. I immediately perceived that he got very worried, which seemed normal to a certain point, and I hung up. I immediately asked General Zuniga to investigate the incident and to find out exactly what had happened."

"That afternoon, Samper was the one who called me and said he was very concerned with the incident. He said that he thought the incident was really delicate and told me something to the effect that 'this type of situations can spark narcoterrorist actions that we cannot afford to experience once again in this country.' Samper asked me to please leak to the press, in a discreet manner, that when he and I found out about the incident we had expressed our disagreement with this type of actions that threatened the lives of innocent people and minors and that did not even yield favorable results."

"I agreed with the President and early next morning called an important radio journalist and asked him to release it as a 'confidential report.' Much to my surprise, half an hour later, the mentioned journalist turned, what I wanted mentioned as a 30-second report on a third-rate issue, into a news bomb of impressive proportions."

"In a matter of hours, the incident turned into an episode in which the Defense Minister and especially the President of the Republic were seen as presenting public apologies to Miguel Rodriguez Orejuela. This is not true but it is the image that remained. To say the truth, this incident caused me distress and affected my credibility both in Colombia as in the United States in regards to my desire to go after the Cali cartel."

"What I do want to emphasize is that the President did receive some type of pressure. I am sure it was not a personal call from Miguel Rodriguez to him or to Juan Manuel Turbay as it was reported in those days. That is simply not the way this type of message are sent. What surely must have happened is that a parliamentary friend of the 'Cali people' visited the President and advised him of the discontent the Hotel Intercontinental incident had caused. The President, worried about the situation that could arise, thought the best way to open the valve for pressure to escape was with the leak he requested me."

The End of the Year

"Towards the end of 1994, I started to feel new and subtle indications from Samper that we should not 'hurry' with the Cali offensive because it was almost an accomplished fact that one of the Cali drug kingpins would surrender to justice at any moment."

"I caught the message quickly because I am quick at understanding such things. If I went on the Cali offensive 'adventure', I would be left alone and politically isolated because I would be acting as a minister and would not represent the entire government."

"The other opportunity that came up was the illegal crop eradication program that was being promoted with so much interest by Gelbard of the State Department. Initially, Samper showed a great deal of reticence to the program and conditioned its implementation to a crop substitution program and said it would require government consensus, which was extremely difficult to obtain."

"Serpa always expressed his concern about the possibility that public order disturbances could arise if coca plant growers protested in defense of their livelihood. The moment that Samper comprehended that the program was very important and that it was seen, especially in Gelbard's office in Washington, as a priority in the drug war, he started to see an advantage to the program that he had not visualized in the beginning."

"In my opinion, Samper realized that one program could be 'traded' for another. That is to say, the government would go full steam ahead to further the eradication program in exchange for delaying the offensive against the Cali cartel."

"Samper hinted this possibility in one of our weekly meetings. He asked me which of the two issues would be most important for the Americans: to capture the drug kingpins or to eradicate the illegal crops completely. I replied that both were important objectives but that, undoubtedly, no action against drug traffic could compare with the arrest of the big Cali kingpins. From there, Samper continued: And what if we get totally into eradication? Don't you think that would give us more time to handle the Cali issue?, he asked me."

"I reminded Samper of the letter he, as president-elect, had sent to the leaders of the American Congress in July 1994. In that letter he had promised to put the Cali cartel leaders behind bars. He replied that this letter was a 'goal' that had been scored by Gabriel Silva, the then Colombian ambassador to Washington and that he did think the eradication program could give us time to deal with Cali and 'until the surrender, which I know will occur, takes place.'"

"This is how 1994 ended. With advances in regards to the offensive against the Cali cartel but without the presidential green light that was indispensable for the effort to have real possibilities of success. Summarizing, there was always a strong reason for not making the government's offensive against the Cali cartel a priority issue."

The President's Role in the Struggle Against Drug Trafficking

"We always reached a profound conclusion in several direct meetings on this issue we had with President Samper in the presence of the ministers of government, foreign relations, justice, and defense. The government lacked a clearly defined antidrug policy, and the reason for a lack of this policy was that the president had not made a documented, formal presentation of his program on this matter."

"I remember that Nestor Humberto Martinez and I insisted and implored Samper to establish a date for the presentation of his antidrug policy to force each one of us to draft a speech containing the priorities of this policy. We told Samper that according to the United States, Colombia had certain ministers committed to the struggle against drug trafficking but who lacked the support of the government and the president of the Republic."

"At those meetings, Rodrigo Pardo always rejected presidential leadership in this matter by arguing two theories that time has proven to be profoundly and tragically wrong. The first one was the "de-presidentialization" ["despresidencializacion"] of the struggle against drug trafficking and the second one was the "de-narcotization" ["desnarcotizacion"] of bilateral relations with the United States. Every time Pardo presented these arguments, Samper concurred enthusiastically, because that was what he thought deep down and, more importantly, what was advisable for him to think."

"I am fully convinced today that Rodrigo Pardo's thoughts in this regard fitted Samper to a 'T' because of the commitments he must have acquired with the chiefs of the Cali cartel in exchange for their financial contributions or because of his past links to them. By handling the matter in this way, Samper could 'go unnoticed' in the offensive against the Cali cartel by pointing to a minister who was 'obsessed' with the issue; that is, me."

"Samper later threw me to the wolves and distanced himself considerably from me to ensure that the cartels noticed the difference between the 'reasonable, nationalistic, and balanced' presidential position and the 'an-

tipatrotic and obsessive" position of his defense minister."

"The last incident I would like to talk about pertains to the rewards. Since late November, I decided to use the reward advertisements on television to achieve the arrest of the drug trafficking capos. To ensure success of this strategy I needed the support of the president and the help of the communications minister. When I presented this initiative to Samper, he immediately discarded it completely with the argument that this initiative was madness that would lead the country to war. 'It is the only thing those individuals would not be able to bear,' Samper told me."

"Days later, U.S. doubts about Colombia's certification were in the open. It was then when the president finally realized due to international pressure that he could not dodge for much longer the issue of the Cali cartel and the presentation of an antidrug program. In a race against time and in reaction to evident U.S. pressure, Samper finally delivered the famous speech on 8 February 1995 in which he presented a comprehensive plan against drugs."

"Samper did not authorize the launching of the reward program even despite a possible decertification and the specter of the feared statements by Senator Jesse Helms scheduled for 4 April in the wake of the emergence of the famous 'Maria,' a secret DEA witness against Samper."

"Finally, and due to the nearly 'intolerable' pressure I had applied, I managed to get the green light from the program that yielded the results of which the country is aware and which the international community has learned about for Colombia's good."

Colombia: Poll Views Attitudes Toward Samper, Issues

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[FBIS Translated Excerpt] [Passage omitted]

What opinion do you have of the following persons? [figures are percentages]

Name	Good	Fair	Bad	Don't know/no answer
Alfonso Valdivieso	52	28	12	8
Humberto de la Calle	37	42	12	9

Name	Good	Fair	Bad	Don't know/no answer
Horacio Serpa	30	36	27	7
Juan Manuel Turbay	12	38	21	30
Rodrigo Pardo	21	42	13	24
Fernando Botero	22	37	34	7
Santiago Medina	11	34	47	8
Heyne Mogollon	14	38	31	17
Andres Pastrana	20	32	42	6
Noemi Sanin	37	31	24	8
Juan Manuel Santos	27	37	11	25
Carlos Lleras de la Fuente	37	31	11	21
Bernardo Hoyos	25	39	20	16
Antanas Mockus	59	28	8	5
Monsignor Pedro Rubiano	49	27	13	11
Luis Guillermo Nieto Roa	11	29	12	48
Adolfo Salamanca	16	29	11	44
Orlando Vasquez	12	28	16	44

How would you rate the country's situation? [figures are percentages]

Good	3
Fair	38
Bad	59

Do you approve of the way in which Samper is performing his job? [figures are percentages]

Approve	43
Disapprove	53
Don't know/no answer	4

What opinion do you have of President Samper at this time? [figures are percentages]

Good	32
Fair	35
Bad	31
Don't know/no answer	2

Do you approve of an amnesty law whereby Congress members involved in process 8000 would be pardoned in exchange for their retirement from political activity for life? [figures are percentages]

Approve	56
Disapprove	40
Don't know/no answer	4

Do you believe that Samper knew about the money from the drug traffic in his campaign? [figures are percentages]

Yes	66
No	23
Don't know/no answer	11

Do you trust in the decision made by the Congress regarding the president? [figures are percentages]

Yes	51
No	43
Don't know/no answer	6

Should the sessions of the Accusations Commission concerning the president be transmitted directly by TV? [figures are percentages]

Yes	76
No	21
Don't know/no answer	3

Should the United States grant Colombia certification for the battle against the drug traffic? [figures are percentages]

Yes	69
No	23
Don't know/no answer	8

In case the Congress acquits the president, do you believe that Ernesto Samper... [figures are percentages]

Should remain in office	41
Should resign in any event	29
Should authenticate his mandate through a popular referendum	16
Should call for new elections	11
Don't know/no answer	3

Do you believe that the president should resign temporarily while the judgment is being made in the Congress? [figures are percentages]

Yes	57
No	39
Don't know/no answer	4

Do you believe that the action against the president should be public, and hence the secrecy of the proceedings should be lifted? [figures are percentages]

Yes	81
No	14
Don't know/no answer	5

'Class Warfare' in the Poll

Some interesting data from the poll:

The class warfare factor does not appear only in newspaper headlines and slogans in street demonstrations. For example:

—Those who claim to approve of Samper's form of government are located in strata two to four, whereas 70 percent of stratum five disapprove, as do 80 percent of stratum six.

—The president's positive image is no lower than 30 percent in strata two to five, whereas in six it is only 16 percent.

—Valdivieso's image, on the other hand, shoots up in strata four, five, and six, reaching 74 percent in the latter.

—Santiago Medina has a very bad image among the strata up to five. In the latter, only 4 percent claimed to have a good image of him, but in six his image shoots up to 34 percent.

—Another example of the way in which stratum six causes a "distortion" in the results is Andres Pastrana. His average image among strata two to five is only 20 percent, in stratum six it is 51 percent. Noemi Sanin has an image of 53 percent in stratum six, Juan Manuel Santos has one of 44 percent, and Lleras de la Fuente also does well among the rich.

—Typical of the "conspiracy": Bernardo Hoyos does well in stratum six, where he has a positive image of 45 percent. Could it be that, among those wishing to "overthrow" Samper, they are practicing the motto claiming that "the enemy of my enemy is my friend?"

—More data on the opinion of the affluent strata: 80 percent in stratum six believe that Samper knew about the "narco" money in his campaign. This is the population sector that most distrusts the decision of the Congress. Overwhelmingly (63 percent of stratum five and 80 percent of six), these sectors of the population believe that Samper should resign while judgment is being passed on him.

—All the social strata request certification from the United States. One odd fact is that this issue is not unknown among the lower strata.

—There are Samperist and anti-Samperist cities. In Pereira and Pasto, they do not like him at all. In Pereira, this must be because it is Gaviria's birthplace; and in Pasto, Navarro's opinion may have a strong influence.

—Valdivieso has a good image all over the country, but particularly in Bogota and Bucaramanga. He does not do very well in Cali from the image standpoint. There must be in the people's minds a peculiar association between the prosecutor general and the way in which Cali is sometimes denigrated.

—Manizales definitely wants to see De La Calle as president. He has a 54 percent positive image in that city, and also does well in Bucaramanga and Cartagena.

—Cucuta is the most Samperist city of all. It must be due to the influence wielded by Juan Fernando Cristo and Jorge Cristo.

—Two of the three ministers currently caught in the whirlwind of accusations, Juan Manuel Turbay and Rodrigo Pardo, need not worry about public opinion: 30 percent do not know Turbay, and 24 percent are unfamiliar with Pardo.

—Botero does badly in all the cities, generally, but it is in Bogota that he fares less badly. There, he has a positive image of 25 percent. If he believed the story that, if he "sang," people would end up forgiving him, he was mistaken, at least thus far.

—Medellin still remains conservative. Andres Pastrana and Noemi Sanin have a good image there. Noemi has a positive image of only 31 percent in Bogota.

—Juan Manuel Santos' image is not bad in Bogota and Medellin, but he has a non-recognition index of 36 percent in the middle-sized cities, such as Cucuta, Pereira, and Pasto.

—Antanas Mockus has a good image, and not in Bogota alone. In Bucaramanga it is overwhelming: 71 percent. They also like him very much in Cartagena, Pereira, and Pasto. He has a good image in Barranquilla as well, but less so than in all the other cities.

—Half of the public does not know Luis Guillermo Nieto Roa, the president's attorney.

—The most Samperist group consists of persons over age 65. Those who like him least are between 18 and 40 years old.

—Andres Pastrana has lost preference among the youth.

Technical Record

Date of execution: 20-23 February 1996. Commissioning entity: EL TIEMPO. Taken by: Yankelovich Acevedo & Associates.

Persons polled: those over age 18 belonging to strata two, three, four, five, and six. Methodology: Random sampling by telephone, in the cities of Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Cartagena, Cucuta, Manizales, Pereira, and Pasto.

Number polled: 1,000; 100 in each city.

The overall margin of error is a maximum of 3.09 percent.

Ecuador

Ecuador: Ortega Urges Media Not To Distort Peace Process

PY0503014796 Quito Voz de Los Andes in Spanish
2300 GMT 4 Mar 96

[FBIS Translated Text] The chiefs of the Ecuadoran and Peruvian Armed Forces joint commands have agreed to establish a round of talks between the high military commands of the two countries, which include measures to promote mutual confidence.

Peruvian Army Commander General Nicolas de Bari Hermoza Rios and Ecuadoran General Jorge Ortega signed a joint declaration and a memorandum of understanding at 1515 at the end of the talks they held throughout the day in Lima.

Gen. Ortega, chief of the Ecuadoran Armed forces joint, stated in Lima that these types of action prove the resoluteness of the two governments to seek a definitive solution to the territorial dispute.

Gen. Ortega recommended the communications media to channel its activities in search of peace namely by not disseminating reports that may distort the negotiations process.

In referring to the opening of the envelopes containing the list of subsistent impasses drafted by Ecuador and Peru, he said that the MOMEPE [Ecuador-Peru Military Observers Mission] will submit a report to the guarantor countries before opening these documents.

Ortega also voiced his hopes that these type of meetings will contribute to friendly and cordial relations between the brother countries.

Ecuador: Leoro Hospitalized Days Before Andean Summit

PY0403212096 Madrid EFE in Spanish
1922 GMT 4 Mar 96

[FBIS Translated Text] Quito, 4 Mar (EFE) — The participation of Ecuadoran Foreign Minister Galo Leoro in a meeting with his Andean counterparts in Peru scheduled for this week is at stake because he has been hospitalized in Quito after a fall this weekend.

"I hope to be in good condition to attend the summit in Trujillo," said Leoro to the media. He added he will need "a few days rest and medical observation." The doctors said his condition is stable.

Leoro will not go to Congress tomorrow with President Sixto Duran-Ballen who will read a confidential report on the situation of the peace process involving the Quito and Lima governments after the signing of the Itamaraty Peace Declaration.

Leoro said that the Ecuadoran and Peruvian Governments' decision to disclose to the public the list of their "subsistent impasses" on the border conflict is "positive" because "it will prevent speculation and the population will be well informed on the position of the two countries."

Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba will travel to Brasilia this week to be present during the opening of the sealed envelopes containing the list of the "impasses" which Ecuador and Peru delivered to the guarantor countries last month.

Ecuador: Army Hailed for 'Generous' Work for Country

96SM0127A Guayaquil EL UNIVERSO in Spanish
27 Feb 96 pp 5-1S

[Received by Internet]

[FBIS Translated Text] The Ecuadoran Army—with its unmistakable professional dedication—occupies a place of honor in the nation's gratitude. A historic event linked to the defense of Greater Colombian integrity—such as the victory in Tarqui—has established a historic day for the Army, and we therefore offer a special salute for our fellow-countrymen who serve in its ranks.

But homage and gratitude are also owed to those who have given their lives on Ecuador's borders in the defense of their nation's honor. Ecuador also owes an enormous debt of gratitude to these fallen examples of discipline and love of the fatherland whose names are missing in establishments and localities that serve in the spheres of education, civic affairs, and urban organization.

Those who govern a nation should devote their primary attention not only to health, education, and employment but to those matters that pertain to their armed forces. In Ecuador, the armed forces—which have the task of ensuring respect for our land—also perform important functions of social service and organization for the collective good. This has linked them to interests that are concerned with national unity and progress.

Their programs of student and neighborhood organizations are extensive and diligently implemented, together with practical measures to forestall tendencies toward moral dissolution in a developing society such as ours.

But as we devote ourselves to analyzing their military performance in the historic trials that they have experienced during our territorial conflict, it is appropriate that we always honor their spirit of sacrifice and the impressive proof of their patriotism, which has provided heroes and examples to help our future generations to perform their duties regardless of personal cost and to be loyal to the noble causes of the Ecuadoran people.

Our wish is that the Ecuadoran Army's protective action and social dynamism—which are manifested in a current of progress in all spheres—will not cease, and that the Army will continue—in concert with all our armed forces—to teach the lesson that selfless and disciplined labor in behalf of our fatherland will assuredly bring the nation international respect and peace.

Ecuador: Candidate Duos for Presidency Profiled

96SM0127B *Guayaquil VISTAZO in Spanish*
25 Jan 96 pp 4-8

[Article by Carlos Jijon]

[FBIS Translated Text]

Nebot-Cordovez

Firm in his strategy of presenting himself as an expansive and democratic person, Jaime Nebot sought as his running mate someone from outside his own circle and found him among the former members of the cabinet of former president Rodrigo Borja, against whose administration Nebot had headed a strong opposition. Diego Cordovez Zeger, 60, former foreign minister and former UN assistant secretary general for political affairs, is Jaime Nebot's new running mate.

How could a former member of the Borja cabinet wind up as Nebot's running mate? "Well, Cordovez was never actually a social democrat and never pretended to be one," explains one of Cordovez Zeger's former fellow cabinet members, Polo Barriga, who is now associated with Rodrigo Paz' campaign. "Furthermore," another

former cabinet member says, "after the Borja administration left office, Cordovez ceased to be part of the team, never attended the meetings of the members of the former cabinet, and almost never talked to Rodrigo Borja again." Cordovez' approach to the Social Christians had begun in February of last year, during the difficult days of the war with Peru, when he accompanied to Washington the then president of the Congress and current director of the campaign, Heinz Moeller. The relationship was consolidated subsequently.

Cordovez was nominated for the Nobel Peace Prize in 1988, for his role in the negotiations leading to the Geneva Accords that resulted in the Soviet withdrawal from Afghanistan. Before becoming foreign minister of Ecuador, Cordovez had excelled in the field of international diplomacy. He was a student of Raul Prebisch, the theoretician of the Economic Commission for Latin America, and as a very young man began a career in the UN that would make him under secretary-general for political affairs from 1981 to 1988, a post second in importance to that of the Peruvian Xavier Perez de Cuellar.

"I graduated from college in Chile, where I became acquainted with Dr. Prebisch," Cordovez says. "I was preparing to return to Ecuador when he suggested that I accompany him to the UN for two years. I thought it would be a very valuable experience." He did go, and in 1965 served as political adviser to the UN representative in the Dominican Republic at the time of the intervention by the U.S. troops. In 1971 he was in Pakistan, which was involved in a civil war for the independence of the eastern part of the country, and Cordovez was the first UN official to go to the newly independent Bangladesh. In 1981 he was in Iran, where he took part in the negotiations for the release of the U.S. hostages. His great triumph, however, was Afghanistan. "Diego Cordovez is one of the most astute and imaginative diplomats that I have had the good fortune to know in my 30 years in the State Department," says Lawrence S. Eagleburger, former U.S. secretary of state. "He applied his many talents in the search for an end to the Soviet invasion of Afghanistan and did so with vigor, perseverance, and great determination."

Cordovez retired from the UN in 1988 and accepted Rodrigo Borja's offer to serve as foreign minister. For four years he directed Ecuadoran foreign policy with efficiency. He recommended Papal intervention to obtain the definitive solution of the territorial problems with Peru, and thanks to his efforts, it was the most important rapprochement between the two nations in this century.

"There is no doubt that Cordovez will be of assistance in governing," the analysts say, nor is there any doubt that he also represents a significant contribution to the Nebot campaign. "Although Nebot's overall vote has certainly not been increased by more than 2 percent by the selection of Cordovez as his running mate," says Jaime Duran Barba, director of the polling firm Confidential Report, "the fact is that the hard-core vote—that is to say, those who are already sure they will vote for Nebot—has increased by 7 percent since he joined forces with Cordovez." The principal defect attributed to Cordovez—vanity—he himself acknowledges with good humor. "The other day," he says, "Leon (with whom Cordovez maintains a political relationship by virtue of the fact that he is a cousin of Eugenia Cordovez, the former wife of Febres-Cordero) told me that the Cordovezes are intelligent people, although some are stubborn and vain. You are one of the vain ones."

Paz-Larrea

On the other hand, vanity cannot be ascribed to Ramiro Larrea Santos, 63, professor of political law at the Catholic University of Guayaquil, who was chosen to be Rodrigo Paz' running mate following a relatively lengthy selection process. Paz had been seeking a Guayaquil resident with educational connections, and after ruling out Gustavo Noboa Bejarano and Nila Velasquez, rector and vice rector respectively of the Catholic University of Guayaquil, who were excused for personal reasons, he ultimately chose Larrea, apparently at the instigation of Raul Patino and especially of Monsignor Luis Alberto Luna, archbishop of Cuenca.

A native of Babahoyo and resident of Guayaquil, Larrea is neither a charismatic politician nor has he had electoral experience. He entered public service in 1965 as city councilman in Guayaquil, having been appointed by the military dictatorship of Castro Jijon. He shone most brilliantly in the decade of the 1970's, during the military dictatorship of General Rodriguez Lara. As an activist of the Christian Left together with Luis Gomez Izquierda and Pedro Aguayo (both of whom are professors at the Catholic University), Larrea belonged to a leftist intellectual elite that gave its support to the 1972 coup d'etat and collaborated with the dictatorship. That same year he was appointed president of CEDEGE [Study Commission for the Development of the Guayas Basin] and subsequently became minister of labor and social welfare.

After retiring to a professorship, Ramiro Larrea returned to public service in 1984 when he was appointed justice of the Supreme Court pursuant to the negotiations between Raul Baca and Leon Febres-Cordero. Larrea

served on the court for four years and in 1988, when Rodrigo Borja became president of Ecuador, was chosen to be chief justice. In that capacity he opened the indictment phase against former president Leon Febres-Cordero, after the latter took responsibility for the acts of his son-in-law Miguel Orellana, who was under investigation for spending \$150,000 of a donation made to the Presidency of the Republic.

Although he was at the center of a stormy controversy and accused of being an instrument of political persecution of the Democratic Left, Larrea fulfilled what he regarded as his duty, established the existence of the crime, and opened the jury-trial phase of the case against Febres-Cordero. Although overwhelmed by the controversy, Larrea continued to meet his university classes, and when he was asked how things were going, he commented: "I'm riding this untamed colt." In the end, the Criminal Division of the Supreme Court reversed the summons to a jury trial, thereby ruling in favor of former president Febres-Cordero. Disillusioned, Larrea resigned from the Supreme Court at the conclusion of his term as chief justice.

"Given the level of confrontation that in the recent past Dr. Larrea has experienced with the current mayor Febres-Cordero, Larrea's nomination as Candidate Paz' running mate could be viewed as a provocation of the mayor," writes Xavier Neira, one of Jaime Nebot's closest advisers. Although Mayor Febres-Cordero has himself made no comment, some commentators believe that Larrea does not make any real contribution to the Paz campaign. "My contribution," Larrea counters, "is a clean life and a record of service to the peasant sector and other alienated sectors of the population."

Vargas-Gallardo

In the view of the commentators, however, Frank Vargas' running mate, Jorge Gallardo Zavala, is a candidate who is well regarded throughout the country. "Of those citizens who were polled, 60 percent know who Gallardo is and 63 percent believe that Vargas made a good choice," says Hugo Barber, director of the polling firm Profiles and Trends.

Jorge Gallardo, who had been a student of Ramiro Larrea at the Catholic University of Guayaquil, belongs to the same generation as Xavier Ledesma, the present minister of government, and Deputy Fernando Larrea, with both of whom he had engaged in university politics in his younger days. At the outset of the strike that removed the Catholic University from the Pontifical category, Gallardo was president of the Federation and Xavier Ledesma headed the Law Students Association. "We wanted to democratize a university that we believed was too elitist," Gallardo recalls.

Influenced by the Vatican II Council, Gallardo and Ledesma belonged to study groups headed by Raul Baca, Pedro Aguayo, and Ramiro Larrea. These groups had a governmental option when in 1972 General Rodriguez Lara overthrew the Velasco dictatorship and installed a leftist military government, but Gallardo—unlike Larrea and Ledesma—did not enter government service; he continued his studies and years later returned to Ecuador with a master's degree in Business Administration from the University of Kansas.

Gallardo joined the Democratic Left [ID] in 1983. "Xavier Ledesma, who was a deputy, invited me and I joined," Gallardo says. He worked intensively for the candidacy of Rodrigo Borja, but the victory of Febres-Cordero motivated him to devote full time to his private business interests in Facturinsa, a company he had just formed.

In August 1988 Gallardo became Rodrigo Borja's new minister of finance. After five years of militancy and having held important party posts, he also had the advantage of bearing the name of Zavala, one of the principal families of the ID. Gallardo was important enough that he was considered as a possible running mate for Borja in the 1988 elections, and he would have been chosen had he not been related to Mrs. Gloria Gallardo de Carbo, his sister, who was—and continues to be—a fervent supporter of Febres-Cordero. "We Gallardos and Zavalas are pluralists and very democratic," Gallardo explains.

Acknowledged to be a good minister of finance, Gallardo was chosen to run for the Vice Presidency as Raul Baca's running mate in the 1992 elections. After their defeat he devoted himself to restructuring the party and succeeded in obtaining control of it. Accordingly, when the time came to nominate new candidates, his advocacy of the candidacy of Frank Vargas prevailed.

He was unable, however, to prevent one sector of the party from backing the more centrist candidacy of Rodrigo Paz, while still another sector continued to insist, right up to the time this edition went to press, on advocating the election of former president Rodrigo Borja himself.

Noboa-Huerta

A veritable boy prodigy of politics, Francisco Huerta Montalvo was only 28 years old when he was elected director of the Liberal Party, and he was 30 when—as an ally of CFP [Concentration of Popular Forces] leader Assad Bucaram—he won nothing less than the mayorship of Guayaquil. As a promising politician in the tempestuous seas of Ecuadoran politics during the administrations of Velasco Ibarra and Huerta, he was

imprisoned and exiled together with Bucaram after criticizing the personal coup that gave rise to the final dictatorship of Velasco Ibarra.

Despite his notably brilliant rhetoric, Pancho Huerta proved to be no more than a youthful promise. As a candidate for president of the Republic with Blasco Penaherrera as his running mate during the final days of the dictatorship, he was disqualified for having signed a contract with the government in behalf of a foundation called Fedesarrollo.

As someone who has always been attracted to governmental affairs and politics, Huerta years later entered into collaboration with the Osvaldo Hurtado administration and accepted the post of minister of public health. He is a physician by profession, although he has said that "out of respect for human rights" he does not practice medicine; but his performance as minister of public health was regarded as his political demise. He subsequently ran again for the presidency of the Republic and wound up in fifth place.

Since that time, Huerta has been striving to bring about his own resurrection. In 1986 he supported Jamil Mahauad's candidacy for the post of deputy representing Pichincha Province. In 1988 he headed a front composed of professionals who supported the Borja presidential candidacy and was considered to be a possible running mate for Borja. "I have never regarded myself as an independent; I am a nonpartisan who is active in the Center-Left," Huerta said at that time. He name was not approved by the Executive Committee of the Democratic Left, however, and although Borja won the elections, Huerta played no prominent role in the victory. He was appointed Ecuadoran ambassador to the Republic of Venezuela, but on his return seemed to be totally disconnected from politics and made his debut in television journalism.

Huerta's association with Ricardo Noboa dates back only two months. The person who brought them together was Samuel Belletini, who was involved in reunification of the liberal movement and with whom Noboa had formed a close friendship while serving as deputy. And it was reportedly also Belletini—who had collaborated with Noboa in obtaining approval of the Religious Education Law—who recommended Huerta as Noboa's running mate. With the backing of Fabian Alarcon and Cecilia Calderon, the deal was closed in less than a week, but it broke up the Noboa team and resulted in the dismissal of the campaign manager, Juan Falconi, and Noboa's principal contact in Cuenca, Rosalia Arteaga.

The value of Pancho Huerta's contribution to the Noboa candidacy remains to be seen, although the commentators have already begun to point out the obvious con-

traditions, such as the fact that the candidate who proposes to be the leader of the independents has wound up choosing as his running mate a veteran exponent of partisanship who until only a very short time ago was describing himself "not as an independent but as a non-partisan who has always been, and will be, active in the Center-Left."

Ecuador: Media Urged To Query Candidates on Issues

96SM0127C Quito HOY in Spanish 22 Feb 96

[Editorial — received via Internet]

[FBIS Translated Text] As soon as the registration of the candidacies for the general elections has been completed, the election campaign will gain in intensity. The nation will be trapped in an avalanche of propaganda and high-pressure advertising, initially to get the attention of the voters and subsequently to obtain their support.

Our citizens are witnessing the campaign with skepticism and distrust. They have had enough of unfulfilled promises, are suspicious of those who offer miracles, and are fed up with the corruption that in many areas dominates public life. Experience has accordingly taught them to be skeptical of the promises of the politicians, and in particular of the candidates for the most important magistracies and the National Congress.

The manipulative advertising and techniques of political salesmanship that induce the voters to reach their decisions on the basis of illusions, subliminal messages, or emotional provocations combine to form a barrier that impedes access to a sober and objective evaluation of the capability of the candidates and of the principles that inspire them. All this is cause for concern.

One important reference point will be an evaluation of the background of each candidate: of their complete track record, as the saying goes. One should accordingly consider their personal qualities and shortcomings, their administrative and political experience, their personal careers, and the principles that have inspired each of them in the past, rather than be dazzled by the false faces and siren songs of the publicists.

The media are obligated to confront the candidates with a rigorous agenda of questions concerning their ideas and proposed solutions, in order to discover which are the best candidates: to ascertain conclusively which of them are honest and worthy of our trust.

Ecuador: Editorial Says Talks 'Natural Progression'

96SM0127D Quito HOY in Spanish 27 Feb 96

[Editorial — received via Internet]

[FBIS Translated Text] The presentation of the list of problems or "continuing impasses" between Ecuador and Peru, in the version of each of the two countries, is essential to the progress of the negotiations that are attempting to arrive at a definitive solution of the centuries-old territorial problem.

From this standpoint, the agreement reached at the meeting held in Quito moves the negotiations forward, in that it constitutes a natural progression in the process of complying with the Itamaraty Declaration, which ended the armed conflict one year ago.

There are other circumstances, however, that operate in favor of such a decision. First, there is the fact that the territorial question is a national, not a governmental, matter: that is to say, it has a continuity that goes beyond the presence of any particular head of state. Second, the mechanism already agreed upon excludes the possibility of a veto, so that each country agrees to the agenda proposed by the other—a circumstance that represents progress, inasmuch as Peru had always objected to discussing any question raised by Ecuador.

If the causes of the impasses are those indirectly suggested by the two foreign ministers—that is to say, the impracticality of the protocol (the point raised by Ecuador) and the difficulty in demarcating the three zones (the point raised by Peru)—there is still a long road to travel, one that will have to be traversed by the next government and even more so by the nation. It is therefore in the national interest that the debate take place in an atmosphere of prudence and patriotic awareness.

Paraguay

Paraguay: Ministry Communique on U.S. Certification

PY0403214096 Asuncion ULTIMA HORA in Spanish 4 Mar 96 p 8

[Foreign Ministry communique]

[FBIS Translated Text] It has come to the Paraguayan Government's knowledge — through the press — that the United States was involved in the drafting of the International Narcotics Control Strategy Report, which, although it is a unilateral and domestic issue, has international repercussions precisely because it is issued

by the United States. The U.S. Government certified Paraguay "on account of vital U.S. interests."

The Paraguayan Government deems that the U.S. decision and classification are not only arbitrary and unfair, but that they introduce a jarring note to traditional friendly relations between Paraguay and the United States and to the ongoing support Paraguay has been giving to its neighbor to the north. We are deeply disappointed by this and regret America's failure to understand the efforts Paraguay has made, unaided, to combat foreign products in transit which are peddled by international mafias controlled and stimulated by drug-consuming and producing countries.

Demand for drugs like cocaine is on the increase in industrial countries like the United States, which boosts production. Now, countries like Paraguay fall victim to the transit of drugs through borders that extend for miles and miles, and which are difficult to control because of the difficulty in detecting drug routes and frequency of drug shipments, and particularly because of the lack of financial means or sophisticated materiel. This is why although we requested helicopters and radars to enhance controls, this request was turned down. We are now purchasing them with our own means, at tremendous sacrifice to ourselves, without any financial support whatsoever by the United States.

It is worthwhile stressing that Paraguay has other urgent priorities to address and yet, we have to make investments to solve the problems of other countries that are unable to check their domestic demand. The Wasmosy administration's resolute political will to combat drug trafficking is attested by events and the efforts made in this endeavor, which the International Narcotics Control Strategy Report itself widely acknowledges.

This notwithstanding, America certifies Paraguay "on account of vital U.S. interests," and herein lies the arbitrariness. While we find it frustrating that our efforts are ignored, we will continue fighting the illegal drug trade, for it represents a direct threat to the health and well-being of peoples. We will even continue eradicating marijuana, something which does not interest the United States because it can produce one of better quality and therefore, it passes over any efforts in controlling marijuana. Still, we will do it because that drug poses a threat to our health. The U.S. International Narcotics Control Strategy report concedes that Paraguay neither encourages nor facilitates the production or peddling of narcotics, or the laundering of money earned in the illegal drug trade.

Nevertheless, basing itself on suspicions — which the United States did not prove or help to prove — the U.S. report reaches the conclusion that Paraguay

lacks the political will to engage in drug enforcement. This is really taking things too far, but "might is right," as the old saying goes, and therefore the United States arrogates to itself the right to sit in judgment on Paraguay. It is our considered opinion that the counternarcotics struggle ought to be assessed from the standpoint of a shared responsibility following an all-encompassing, balanced, and understanding approach rather than let Paraguay fight drugs in transit all by itself without any help whatsoever from the number one consumer of drugs, viz the United States.

In concluding, it must be pointed out that on 6 October 1995, the Paraguayan executive branch submitted to Congress a bill "to amend and update Law 1340/88, which provides for the repression of the illegal peddling of narcotics and other dangerous drugs, and other related crimes, and for the adoption of prevention measures and the rehabilitation of drug addicts." This bill also deals with money laundering, creates new crimes, and accepts new evidence to update our legislation for drug enforcement purposes. This bill is still under discussion in Congress while the executive is waiting for its enactment. The Paraguayan Government's efforts to streamline legislation has not been taken into account when issuing the certification, either. As we have already said, we will keep battling in our untiring struggle against drug trafficking and related crimes irrespective of the U.S. certification.

Paraguay: Wasmosy 'Does Not Understand' U.S. Drug Policy

*PY0403191496 Asuncion ABC COLOR in Spanish
3 Mar 96 p 3*

[FBIS Translated Text] President Juan Carlos Wasmosy has said he does not understand the policies of the U.S. Government. He thus expressed surprise over the accusation that Paraguayan authorities lack the political will to struggle against drug trafficking. He emphasized that our country "does not deserve" this accusation. He said the White House knows perfectly well that Mexico, for example, represents a gateway for the entry of drugs into the United States, yet the Clinton administration does not decertify it.

Even though he pointed out that the U.S. accusation against our country "is not very serious," President Wasmosy expressed regret that the U.S. Government did not act as severely with other nations — for example, with Mexico. He noted that Mexico represents a gateway for the entry of drugs into the United States and that the Clinton administration is aware of this fact. Wasmosy complained that the Clinton administration did not decertify Mexico. He emphasized that Paraguay

"does not deserve" this type of accusation. He added: "I really don't understand the U.S. policy."

The annual drug enforcement report issued by the Clinton administration listed Paraguay as a route for the transit of Bolivian and Colombian cocaine and as the main producer of highly pure marijuana. In Washington's opinion, the Paraguayan Government is not complying with its commitment of struggling against drug trafficking. The report notes that our government officials' struggle against drug trafficking "has been translated into very limited actions against drug traffickers and money launderers, as a result of a lack of political decision." This serious contention also applies to Colombia, but the report explains that, for the time being, it will not involve sanctions "for reasons of national interest."

On many occasions President Wasmosy complained because the United States "asks a lot but gives hardly anything" to effectively struggle against drug trafficking. Wasmosy also complained because, even though it pledges to assist our government on this issue, the United States limits itself to giving an insignificant assistance.

[U.S.] Ambassador [to Paraguay] Robert Service met with Wasmosy at the Lopez Palace about one month ago. During that meeting the diplomat renewed Washington's promise to give more cooperation.

The National Antidrug Secretariat [Senad] continues to pursue its struggle against this crime. Senad director General Jose Tomas Centurion usually confirms that Senad does not have sufficient means to struggle against drug trafficking, whereas drug traffickers are better equipped. Thus, it is extremely difficult to eradicate this evil.

Paraguay: Interior Minister Disagrees With U.S. Report

PY0403181896 Asuncion ABC COLOR in Spanish
2 Mar 96 p 19

[FBIS Translated Text] After heard of the U.S. decision to certify Paraguay only "for vital national security reasons," Interior Minister Diogenes Martinez said: "We are deeply disappointed over the decision and measures enforced by the U.S. Government."

In an unprecedented decision against a Latin American country, however, the Clinton administration decertified Colombia.

Martinez disagreed with U.S. authorities by pointing out that Paraguay has made enormous efforts and sacrifices to combat drug production and trafficking, and money laundering in Paraguay."

Directly referring to the murder of [antidrug chief] General [Ramon] Rosa Rodriguez on 10 October 1994, the interior minister recalled that the struggle against this scourge had even claimed the life "of a high-ranking government official."

The interior minister added that the incumbent administration took great pains to provide the Dinar [National Narcotics Directorate] with all the necessary resources. He noted: "We now have a concrete project to purchase helicopters to enable us to wage a more efficacious counter-narcotics war."

Martinez pointed out that action was taken to arrest "numerous drug traffickers" last year.

He added: "Hundreds of hectares of marijuana plantations have been destroyed."

The interior minister underscored that all drug enforcement operations were openly carried out with the knowledge of the press.

Commenting on money laundering, Martinez emphasized that in 1993, the Paraguayan Government signed an agreement with the United States to promote the fight against money laundering. He said: "The special bills the Wasmosy administration submitted to Congress are proof of our political will to combat these crimes."

The interior minister underlined that Paraguay "has proved" that even without the strong economic support the United States gives to other countries in the form of financial resources and materiel, "it is waging a war against the production and peddling of drugs, and against money laundering."

Martinez said the certification the United States granted to Paraguay for national security reasons "neither encourages nor stimulates Paraguayan authorities, which have evinced their firm conviction and political will" to combat drug trafficking.

Paraguay: Communist Party Seeks To Create Broad Front

PY0303193996 Asuncion ULTIMA HORA in Spanish
20 Feb 96 p 6

[FBIS Translated Text] Ananias Maidana, secretary general of the Paraguayan Communist Party (PCP), said on 19 February that in order to take the power away from corrupt and privileged minorities we must show enough maturity to convince the majorities of the country to create a broad front. These remarks were made during the commemoration of the 68th anniversary of the party's foundation.

Communist followers gathered last night at the Antequera Street stairwell in Asuncion, where some of their

leaders gave speeches. Communist followers then enjoyed a musical show.

"There are indications that the people's struggle is increasing. We hear people talking about general strikes, peasant marches, and young women and men seeking to break old structures. These events show that conditions are proper for the creation of a single and united front with enough force to promote real change," Maidana reflected.

The leftist politician defined himself as participative, pointing out that "we will make the election turn that feeling into an alliance. We are working on the issue of a front."

When elaborating about his proposal for a front Maidana said the alliance must include workers, peasants, the middle class in general, intellectuals, artists, and even national industrialists and businessmen whose interests are being affected by the neoliberal policies imposed by the Juan Carlos Wasmosy's administration.

"It is increasingly hard to take the corrupt minorities, that Mafia entrenched in power, away from the structure that rules the country. They, drug traffickers, and arm dealers control everything because they have the economic, political, and military power," Maidana added.

The PCP was founded in 1928 and was important for generations of the time. Years later Alfredo Stroessner proscribed the party and started an open persecution of its proponents and sympathizers. Communist leaders and followers suffered torture, persecution, exile, and even the death penalty during Alfredo Stroessner's long dictatorship.

Paraguay: Legal Problems of Colorado Party Viewed

PY2902180996 Asuncion NOTICIAS in Spanish
26 Feb 96 p 3

[FBIS Translated Text] The Colorado Party should have held its internal election yesterday. The elections were scheduled five times and on five occasions it had to be postponed for the most diverse reasons. On top of this, the electoral act is now being contested by five legal actions, for different reasons, filed by the four competing movements. That is the current situation and it seems the problem will not be resolved in a few days or weeks.

It would seem the intention of the "Oviedoist" [followers of General Lino Cesar Oviedo] to postpone the election indefinitely has exactly this end in mind. Today, despite everything, the fact is that Colorado Party followers have not voted.

At this time the Colorado Party cannot return to the right track, from which it deviated more than six months ago, of seeking the party's institutionalization.

Recovering the institutional path is difficult, particularly now a legal battle which may never end has been unleashed.

The Colorado Reconciliation Movement in involved in this confrontation. This movement filed a petition of preventive amparo in order to guarantee the holding of the election. Although the petition was presented more than three weeks ago, the Capital's Electoral Court [TEC] has still not issued a decision on the matter. So far we only have a recommendation by the electoral prosecutor rejecting the petition.

The same movement also presented a petition seeking the disqualification of two TEC members. This petition is still pending, although in practice it seems it has been rejected because the two members in question (Gimenez Rabito y Bogado Romero) have not disqualified themselves from any of the cases.

The other movement involved in the conflict — United Coloradism — also started dig "trenches" to fight the legal battle. This faction petition includes a request for the total annulment of the electoral registry. It was precisely this petition filed by Angel Roberto] Seifart that permitted the suspension of the election. In this case the TEC decision was quick, which in turn caused a new controversy. In theory, a summary inquiry may last less than a month, but in practice, it would be very difficult and most people would just pull up a chair and wait for things to happen.

Without hiding their desire to indefinitely postpone the election, Democratic Coloradism (Codem), which has close links with General Lino Cesar Oviedo, proposed nothing less than the annulment of the entire election process. Blas N. Riquelme's movement filed a petition asking that the entire process be rolled back "to the very start" — even all the Colorado Party Electoral Court resolutions.

The TEC also issued a holding resolution on this petition and agreed to hear arguments on the issue. The documents on this case were placed with those of the petition filed by United Coloradism. It will take time before the court decide on the core of the problem, which now will take even longer.

While the United Colorado Force Movement is probably of minimum electoral importance, nevertheless this movement also asked for a suspension of the election for 30 days.

The so-called Atilists [from Atilio R. Fernandez] thus completed the circle, adding the name of their movement to the other movements whose leaders filed petitions before the TEC. The Atilists requested the suspension of the elections for one month.

They seem to be asking "where are my followers...?" because they have probably disappeared from the registry. This faction says 30 days will be necessary to "really clean up" the registry. The TEC has not issued any decision on this petition yet.

Resolving the "legal struggle" within the Colorado Party will probably take some time. While party followers show their impatience with diverse attitudes, only "the one above" knows when they will vote and define, through elections, who has the greatest support.

Peru

Peru: Government 'Satisfied' With U.S. Certification

PY0403132296 Madrid EFE in Spanish
2000 GMT 2 Mar 96

[FBIS Translated Text] Lima, 2 Mar (EFE) — Peruvian Foreign Minister Francisco Tudela stated today that Peru is satisfied that the United States has recognized its contribution in the antidrug fight, but objects to the legality of the U.S. "certification."

Last Friday, the United States issued its full "certification" that Peru cooperates in drug enforcement. As a result of this, Peru is qualified to receive credits that require U.S. endorsement.

In remarks to Radio Programas del Peru, Tudela said today the U.S. decision is positive for Peru, which the Peruvian Government appreciates as "an act of domestic right, but does not admit its international validity."

The foreign minister explained that his country considers the decision positive because "we realize that the United States is the first power in the world and acknowledge its influence among international organizations, especially among the multilateral credit organizations."

He recalled that Peru has never received "full certification" since the creation of that U.S. policy mechanism, and added that "it now means our antidrug fight is successful and that we are now open to receive credits that are conditioned to that mechanism."

He said the certification is well received, although it does not mean we recognize it as a regular and valid procedure in international relations.

Concerning Peru's relations with the United States in general, Tudela termed them "optimum," adding that

"they are being built and increasing as the months go by."

He said: "If I have to refer to current relations, I would say they are 90 percent positive and that the problems that always prevail are to be found within the remaining 10 percent."

Tudela said those problems follow the fact that the United States "has a very complex political organization, with pressure groups that influence its foreign policy," clearly referring to human rights groups.

The Peruvian foreign minister added: "Controversial issues in U.S. relations, such as drug trafficking and human rights are things of the past because they have been overcome."

Peru: Joint Command Chief Receives Ecuadoran Counterpart

PY0403143696 Madrid EFE in Spanish
0031 GMT 4 Mar 96

[FBIS Translated Text] Lima, 3 Mar (EFE) — General Jorge Ortega Espinoza, chief of the Ecuadoran Armed Forces Joint Command, arrived today in Lima where he was welcomed with honors by his Peruvian counterpart, General Nicolas de Bari Hermoza.

The top Ecuadoran military chief arrived in Peru at 1600 (2100 GMT) aboard a Fokker F-28 of the Ecuadoran Military Air Transport (TAME). He is accompanied by four Ecuadoran military officials: his adviser; General Cesar Durand Abad; Colonel Jorge Mino Vara; and his aid-de-camp, Lieutenant Colonel Fausto Paredes Saona.

Gen. Ortega was received by Gen. De Bari Hermoza Rios, Peruvian Armed Forces Joint Command chief; Navy Commander Antonio Ibarcena Amico; and Air Force Commander Waldo Richter Cruz.

The commanders in chief of the two countries will sign a Joint Declaration of Understanding tomorrow at the Peruvian Army General Headquarters, in the Lima district of San Borja.

The objective of the two-day visit of the Ecuadoran military chief is to continue the talks for peace between Peru and Ecuador.

This is the second consecutive round of talks between Ortega Espinoza and Hermoza Rios following their significant meeting at the Yaupi Santiago border marker on the Ecuadoran-Peruvian border in early February.

Also present at this meeting were the military chiefs of the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

The first bilateral meeting of the top military commanders was held in Quito last Friday with the visit of Hermoza Rios to Ecuador, where they analyzed the progress of the peace process in the wake of the undeclared war waged last year.

At 0830 (1330 GMT) on 5 March, Ortega Espinoza will grant a news conference at the Army General Headquarters in San Borja, to announce the scope of the declaration. He will return to his country at 1800 (2300 GMT).

Peru: Military Chief Signs Accords With Ecuador

PY0503033096 Madrid EFE in Spanish
2336 GMT 4 Mar 96

[FBIS Translated Text] Lima, 4 Mar (EFE) — The chiefs of the Peruvian and Ecuadoran Armed Forces joint commands, today in Lima agreed to establish a mechanism for negotiations between the high military commands of these two countries that will include mechanisms to promote mutual confidence on the northern common border.

Army Generals Nicolas de Bari Hermoza Rios (Peru) and Jorge Ortega Espinoza (Ecuador) signed a joint declaration and a memorandum of understanding at 1515 (2015 GMT) at the end of a six-hour talk today at the Army headquarters in Lima.

As a result of the talks held in Quito and Lima, on 1 and 4 March, the high military commanders agreed to hold the first round of talks during the second semester of 1996, in Lima.

They also agreed on a list of seven measures to promote confidence and to be implemented immediately by the Peruvian and Ecuadoran Armed Forces, according to the memorandum of understanding.

The measures were agreed on with the assistance of Brazilian General Francisco Albuquerque, general coordinator of the Ecuador-Peru Military Observers Mission (MOMEPE 2); Cesar Durand Abad, Ecuadoran liaison officer for MOMEPE; Daniel Mora Zevallos, Peruvian liaison officer for MOMEPE; and the members of the General Staffs of the guarantor countries.

Albuquerque stated, at the end of the third military meeting between Peru and Ecuador that the MOMEPE is certain that the issues pending solution between the two countries are being tackled with "the maturity, intelligence, and flexibility that characterizes these two nations."

He added that MOMEPE does "not spare efforts to continue collaborating in this peace process and that each day it feels stronger and convinced that the

problems, no matter how difficult they may be, can always be solved."

The Brazilian general went on to say that "united we will try to reach those objectives that seem unattainable, even though it may demand more time, because nothing can stop or destroy what has already been built."

Moreover, Jorge Ortega, chief of the Ecuadoran Armed Forces joint command, said that Peru and Ecuador are experiencing a "historic moment" that will have a positive effect on the bilateral relations.

He pointed out that "after many decades the two neighboring countries are seated around a negotiating table in an effort to find a solution to the territorial problem through a positive, open, and frank dialogue."

General Ortega said that this problem "divided us for many years and has practically prevented us from having peace and from integrating ourselves." He also noted that Peru and Ecuador have a common objective: the search for a "permanent, just, and dignified peace" that will "satisfy the interests of the two countries."

He added: "We in the Armed Forces have a double responsibility: the fulfillment of Point 2 (separation of forces) and Point 5 (demobilization of troops from the border zone)" of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration that put an end to the 1995 war.

He said that the other responsibility is to strengthen the environment of relaxation and mutual trust, and to guarantee normal relations not only between the Armed Forces of the two countries but also between the two peoples.

General Nicolas de Bari Hermoza said that more than one century of tension and hostilities, "which were the product of irreconcilable political and military positions have given way to a relaxation of relations which we hope will be irreversible in the future."

He said: "The round of talks and the meetings of our foreign ministers are being held within the framework of respect for international law, that is the 1942 Rio de Janeiro Protocol and the arbitration decision of Brazilian Captain Braz Dias de Aguiar and the Itamaraty Peace Agreement."

Within the framework of the memorandum of understanding, the two armed forces made a commitment to continue to support the peace process after the undeclared war of January 1995 in an unmarked Amazon border region.

An agreement was also reached to reestablish the mutual assistance of humanitarian nature between the

Armed Forces of the two countries, and to carry out "joint search-and-rescue operations in land and maritime border zones."

It was also agreed to establish complementary mechanisms for complying with the security manual put in force by the two countries in October 1995.

The bilateral intelligence conferences at the intelligence departmental level and the intelligence regional bilateral meetings between border garrison and naval zone commanders have also been reestablished.

Peru: General on Alleged Ecuadoran Infiltration, Accords

PY0403232896 Lima Radio Programas del Peru Network in Spanish 2214 GMT 4 Mar 96

[Live relay by Patricia Echegaray from Army Headquarters in Lima]

[FBIS Translated Text] As we reported earlier, a joint declaration and a memorandum of understanding establishing round of talks between the high command of the Armed Forces of Peru and Ecuador were signed this afternoon. The ceremony was held in the Army headquarters and the declaration was signed by the chairmen of the Armed Forces Joint Command of the two countries, General Nicolas Hermoza Rios of Peru, and General Jorge Ortega of Ecuador.

After the declaration was signed, Gen. Ortega said that the signing of this document guarantees the normal relations between the two countries and that Ecuador hopes to satisfy its wishes by achieving peace. Gen. Hermoza said that more than the signatures, the most important thing is the will of the two countries to comply with international law, that is, the Rio de Janeiro Protocol.

Regarding the alleged infiltration of Ecuadoran troops in the demilitarized zone, Gen. Ortega said:

[Begin recording] [Ortega] I believe the report submitted by the MOMEPE [Ecuador-Peru Military Observers Mission] clearly explains the situation. First of all, it concretely explains that the heliport in the zone has rudimentary material, that it was not built recently, that there are no troops, no weapons, and no shelters. This heliport was used by the Ecuadoran Armed Forces before and during the conflict until, in compliance with the Itamaraty Peace Declaration, specifically the second point related to the separation of forces, it was abandoned by the Ecuadoran Armed Forces. This is the truth.

[Unidentified reporter] What about the food boxes reported by the MOMEPE?

[Ortega] No, the MOMEPE report does not mention any food boxes. I ask that you refer to the content of the MOMEPE report. It is the decision of the Ecuadoran people and especially the Ecuadoran Armed Forces to commit themselves to the peace process in compliance with the Itamaraty Peace Declaration. [end recording]

These were the comments of Gen. Ortega, who in a few more minutes will leave for the Eighth Air Group to return to Ecuador.

Peru: MOMEPE Confirms Existence of Heliport in DMZ

PY0403183696 Madrid EFE in Spanish 1828 GMT 3 Mar 96

[FBIS Translated Text] Lima, 3 Mar (EFE) — The Ecuador-Peru Mission of Military Observers (MOMEPE) today issued a communique in which they confirm the existence of a heliport, which was not built recently, in the demilitarized zone [DMZ] on the border between Ecuador and Peru, where there is "absolute tranquillity."

The MOMEPE document is signed by Brazilian General Francisco Roberto de Albuquerque, coordinator of the military chiefs of the guarantor countries. It was issued in Quito on 1 March and handed to General Daniel Mora Zevallos, the Peruvian liaison officer, on 2 March in Lima.

The MOMEPE states that on 23 February, during a routine air patrol over the demilitarized zone, in the southwestern region, two clearings were detected. A rudimentary heliport — a light timber and plastic construction — could be seen at each one.

The communique adds: "In addition to these constructions, metal tubes could be seen on the ground and what looked like a small metal box with a padlock."

The note adds that the MOMEPE did not detect the presence of troops, armaments, or fortifications.

Finally, on 29 February, the MOMEPE detected a "rudimentary heliport, simply constructed without sophisticated installations, the construction of which was not recent."

Nevertheless, the MOMEPE states that it was impossible to reach the other point of the zone reported by Peru, adding that the verification process will be carried out "as soon as weather conditions permit."

Following this report, military sources linked to the MOMEPE stated that Peru reportedly suggested the establishment of a temporary center of operation in the southwestern zone to prevent possible violations of the demilitarized zone.

Peru accused Ecuador on 26 February of building military installations, shelter, and even a heliport in the demilitarized zone, 10 km northwest of the border Watch Post 1 (PV1).

It demanded the destruction of these possible military installations, after terming it very serious and a violation of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration, which ended the undeclared war of January 1995.

Venezuela

Venezuela: Interior Minister Confirms Resignation

PA0403183396 Caracas Venezolana de Television Network in Spanish 1610 GMT 4 Mar 96

[FBIS Translated Text] [Unidentified reporter] We are broadcasting live from Miraflores Palace where Interior Minister Ramon Escovar Salom a few moments ago has confirmed his resignation to the cabinet.

Mr. Minister, could you please explain to us the reasons for your resignation?

[Escovar] I have been discussing for some time now with the president of the Republic my possible resignation as interior minister. This separation will be effective when the president decides. Meanwhile, I will continue performing my duties as head of the Interior Ministry.

[Reporter] How long do you think you will remain in that position?

[Escovar] As long as the president decides. I have expressed my desire to leave the post. He will decide when.

[Reporter] It has been said you will be appointed to an ambassadorial position, in France, for example; is that true?

[Escovar] Those reports about France are not true. Furthermore, now is not the appropriate time to say anything about that yet. We will wait before making any statement in that regard. I will not mention anything yet.

[Reporter] It has also been said that your resignation as interior minister was due to some discontent. Is that true?

[Escovar] My separation from my duties as interior minister will take place under very cordial terms. My relations with the president are excellent, not only as minister and president but also personally. There is nothing like that; there is no conflict or problem of that nature. I will leave the cabinet calmly, in full agreement with the president of the Republic on a date he will determine, whenever he decides. I have informed him in due time of my desire to leave the post.

[Reporter] Have you proposed anyone to the president to replace you as interior minister?

[Escovar] No, because that decision is an exclusive one of the president. I do not know who is going to replace me. The president must decide.

Venezuela: 3-Party Alliance Takes Control of Congress

PA0503015096 Madrid EFE in Spanish 2001 GMT 2 Mar 96

[FBIS Translated Text] Caracas, 2 Mar (EFE) — An alliance of three parties, two of which are opposition parties, today took control of the Venezuelan Congress and weakened the government of Rafael Caldera, which is immersed in delicate negotiations with the IMF.

The Social Christian Party, Copei, the Radical Cause Party (LCR), and the Movement Toward Socialism (MAS) — the latter is a government ally — imposed their candidates on the legislative chambers for the 1996-97 period.

The triple alliance left the ruling National Convergence Party (CN) and the Democratic Action Party (AD), which is of social democratic leaning, the country's main political force and Caldera's collaborator, out of the leaderships. These two parties had controlled Congress in the previous two parliamentary periods.

The new president of the Chamber of Senators and Congress is Cristobal Fernandez Dalo (MAS), who replaces Eduardo Gomez Tamayo (CN), while Aydee Castillo (Copei) and Alberto Muller (LCR) are the new first and second vice presidents, respectively, who were elected by a one-vote difference.

The lower chamber is now presided over by Social Christian Ramon Guillermo Aveledo, who replaces Carmelo Lauria (AD), and the vice presidents are Pablo Medina (LCR) and Carmen Nieves Cardozo (independent).

At the swearing-in ceremony, the new Congress president stressed that MAS continues to be a government party and that, personally speaking, it has the best resolve to cooperate with the executive branch to ensure Venezuela will overcome the current economic crisis. However, conservative politicians have no doubt that the government is weaker than before in Congress, because Copei and the LCR do not agree with many criteria the executive branch has to negotiate with the IMF.

The government's main problem is that the new correlation of political forces does not guarantee a parliamentary majority to it to approve a set of tax laws

the IMF has demanded in order to approve a macroeconomic adjustments agreement.

Meanwhile, President Caldera and Finance Minister Luis Raul Matos are defending a gradual economic adjustment program, which opposes the neoliberal and shock policies the IMF is suggesting to stop the crisis and stabilize the economy. The IMF suggested a drastic increase in the domestic prices of gasoline, which is believed to be the world's cheapest, as a means of reducing the fiscal deficit, while the government wants to again levy the Financial Transactions Tax and increase taxes on luxury items and wholesales, which the opposition rejects.

The new correlation of forces is attributed to a clever maneuver by Copei and the LCR, which are parties that sustained heavy losses in the December 1995 municipal elections, and to MAS's firm objective of having Caldera give them more relevance in his government.

In the meantime, it was known today that the chief and two prominent members of the Venezuelan technical mission that was negotiating with the IMF have irrevocably resigned from their posts. The report states that the resignations of Roosevelt Velasquez, David Moran, and Armando Leon are the result of a decision the government made on 29 February to again postpone the resumption of negotiations with the IMF, which were to have started on 1 March in Washington.

Venezuela: IDB Proposes 'Emergency Employment' Program

PA0403160896 Caracas EL GLOBO (EL GLOBO ECONOMIA Supplement) in Spanish 29 Feb 96 p 2

[FBIS Translated Text] IDB [Inter-American Development Bank] Vice President Nancy Birdsall suggested to Venezuelan Finance Minister Luis Raul Matos Azocar the need to implement a national emergency employment program through the governors' offices.

The head of the Finance Ministry informed her that the state governors' offices are carrying out employment programs that, in his opinion, should be standardized. The IDB vice president agreed with this idea.

In addition, the minister explained the cooperation programs that Venezuela is carrying out along with the IDB, the WB, and the IMF.

Moreover, Birdsall and the other members of the IDB delegation met with Venezuelan President Rafael Caldera and Antonio Casas Gonzalez, president of the Central Bank of Venezuela [BCV].

Alejandro Scopelli, IDB representative in Venezuela; Maritza Izaguirre, Venezuela's representative to the IDB; Ciro De Falco, manager of the IDB's third region; Joel Riley, adviser to the IDB vice president; Tabeila Brizuela, director general of the Finance Ministry; Heidi de Hernandez, director for multilateral affairs of the Finance Ministry; and Mauricio Roitman, director general for public finance of the Finance Ministry, were present at the finance minister's office.

The IDB vice president expressed her willingness to send a delegation to evaluate the employment program and put it into shape, including all the necessary support.

She stated that she had come to this country to verify the progress of the programs and projects financed by the IDB, underscoring that a thorough examination will be made. "It is my conviction that projects should be examined in the medium and long term."

She remarked that efficiency in the execution of these projects should be carefully examined.

She expressed her satisfaction because funds will be allocated (in equal parts) from the national budget for the projects financed by multilateral institutions.

She expressed her concern because a program that was implemented a few months ago to provide technical assistance to the financial sector could not get started due to the lack of a distribution channel.

The main objective of this program is to support the restructuring and betterment of the organizations that control the financial sector, like the General Bank Superintendency, the National Securities Commission, and Fogade [Deposit Guarantee and Banking Protection Fund].

The current situation of Venezuela's economy and aspects related to the country's monetary, banking, and foreign exchange policies were examined at a meeting with the BCV board of directors.

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